

MBIZANA LOCAL MUNICIPALITY AUDITED FINANCIAL
STATEMENTS
30 JUNE 2013

MBIZANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information

Members of the Executive Council

Mayor	Resigned April 2013	M.M.Twabu Z. Busuku
Speaker	Resigned April 2013	T.D. Mafumbatha P. Siramza
Chief Whip	Resigned April 2013	A. Maquthu J.N. Madikizela

Executive Committee

D.D Mnisi
N. Bongwana
N. Msokana
S. Magini
F. Siramza
L. Makholosa
W.A Hlangabezo
E.F Matekana
N. Mbadlanyana

Ordinary councillors

A.R Ngubo
B. A Jabubane
B. Matshoba
F. Mbuyelwa
F.P Mjoli
H.M Mpukwana
H.M Nonqane
I.M Sabuka
J.M Dimane
K. Ndzinya
L. Nojila
L.A Njomi
L.G Mcambalala
L.T Somadlangathi
M. J Ndezi
M. Xesibe
N. Hlebo
N. Kwelemthini
N. Madikizela
A.I. Guqaza
N. Madikizela
N. Mafuya
N. Mbadlanyana
N. Mbewu
N. Sibutha
N. Sikibi
N. Stata
N.B Mteki
N.E Cengimbo
N.H Magqabi
N.N Mhlembana
N.S Ngonini
P. N Mfingwana
P.Booi
P.V Ndovela
R.N Madikizela

MBIZANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information (continued)

Ordinary councillors (continued)

R.T Nkomo
S. Faku
S. Godi
S.M Thukwana
T. Faku
T. Maphasa
T.H Kango
V.T Mbele
W.M Diya
Z. Mhlwazi
Z. Nohiya
Z.P Ndebele
Z.W Mqokolwana

Grading of local authority

Grade 3

Chief Finance Officer (CFO)

B. Fikeni

Accounting Officer

L. Mahlaka

Registered office

51 Main Street
Bizana
4800

Municipality's Business address

51 Main Street
Bizana
4800

Municipality's Postal address

PO Box 12
Bizana
4800

Municipality's Bankers

First National Bank

Municipality's Magisterial District

Alfred Nzo District

Auditors

The Auditor General of South Africa

Auditors' Business address

69 Frere Road, Trust Building
Vincent
East London, Eastern Cape

**MBIZANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2013**

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ABBREVIATIONS

COID	Compensation for Occupational Injuries & Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

A report of the accounting officer has not been prepared as the municipality is a wholly owned controlled entity of which is incorporated in South Africa.

MBIZANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
30 June 2013

Accounting Officer's Responsibilities and Approval

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

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

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 ended 30 June 2013 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.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.


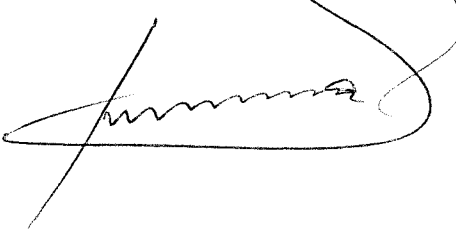
The annual financial statements set out on page 5 to 40, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2013 and were signed on its behalf by:

Accounting Officer
L. Mahlaka

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MBIZANA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2013

	Note	2013 R	2012 R
NET ASSETS AND LIABILITIES			
Net assets		353 883 162	342 586 564
Accumulated surplus		353 883 162	342 586 564
Non-current liabilities			
Current liabilities		38 586 595	15 330 473
Provisions	9	5 678 755	4 506 127
Trade and other payables from exchange transactions	10	19 952 825	5 324 648
Unspent conditional grants and receipts	8	12 552 289	5 173 929
Consumer deposits	27	402 726	325 769
Total Reserves and Liabilities		392 469 757	357 917 037
ASSETS			
Non-current assets		249 944 253	267 403 884
Property, plant and equipment	2, 37	244 399 961	259 402 884
Investment Property	29	5 544 292	8 001 000
Intangible Assets	30	-	-
Current assets		142 525 507	90 513 155
Trade and other receivables from exchange transactions	3	210 030	210 038
Trade and other receivables from non-exchange transactions	4	134 498	977 184
Consumer debtors	6	9 598 618	8 861 196
VAT receivable	5	4 125 216	1 583 767
Cash and cash equivalents	7	126 615 191	77 032 424
Inventories	28	346 745	91 432
Operating lease assets	45	1 495 209	1 757 114
Total Assets		392 469 756	357 917 037

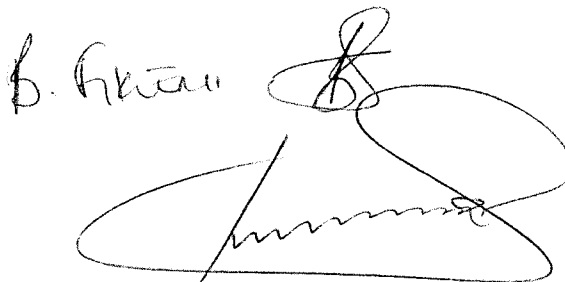
B. Khumalo 


MBIZANA LOCAL MUNICIPALITY
P.O. BOX 12 BIZANA 4800
2013 -12- 12
OFFICE OF THE MUNICIPAL MANAGER
TEL: 039 251 0230
FAX: 039 251 0317

MBIZANA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2013

	Note	2013 R	2012 R
REVENUE			
Property rates	11	7 199 305	6 276 026
Service charges - refuse and electricity	12	16 321 377	13 802 076
Fines		218 800	277 010
Licences and permits		1 107 493	961 468
Government grants and subsidies	13	168 890 629	144 046 960
Rental of facilities and equipments	26	1 045 783	1 804 265
Recoveries		-	37 487
Other income	14	1 147 960	1 763 239
Interest income	18	5 190 622	3 453 365
Total Revenue		201 121 969	172 421 897
EXPENDITURE			
Personnel	16	44 883 275	33 114 465
Remuneration of Councillors	17	16 198 965	14 075 069
Depreciation and amortisation	2;37	30 067 524	17 721 417
Bad debt impairment	6	1 803 642	1 800 522
Repairs and maintenance	44	5 580 924	3 958 108
Bulk Purchases	20	16 250 966	13 499 898
Project Related and Other Consulting Fees	21	37 278 852	13 597 971
Interest and Penalties	46	148 120	-
General expenses	15	29 989 070	27 304 015
Fair value loss	29	2 456 708	-
Total expenditure		184 658 045	125 071 465
SURPLUS / (DEFICIT) FOR THE YEAR		16 463 924	47 350 432

B. G. G. G.



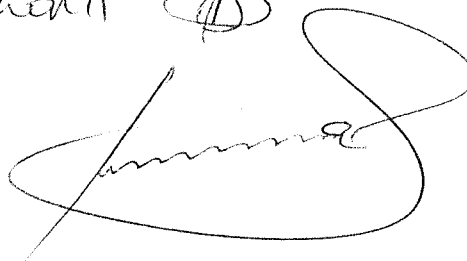
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MBIZANA LOCAL MUNICIPALITY
 STATEMENT OF CHANGES TO NET ASSETS
 For the year ended 30 June 2013

	Capitalisation Replacement Reserve	Housing Development Fund	(Accumulated Deficit) / Accumulated Surplus	Total
2012				
Opening balance at 01 July 2011	-	-	295 236 132	295 236 132
Changes in net assets	-	-	-	-
Surplus / (Deficit) for the year	-	-	47 350 434	47 350 434
	-	-	342 586 566	342 586 566
2013				
Balance at 01 July 2012	-	-	342 586 566	342 586 566
Prior year adjustments	-	-	(5 167 328)	(5 167 328)
Balance at 01 July 2012 as restated	-	-	337 419 238	337 419 238
Changes in net assets	-	-	-	-
Surplus / (Deficit) for the year	-	-	16 463 924	16 463 924
Balance at 30 June 2013	-	-	353 883 162	353 883 162

B. Hlalele

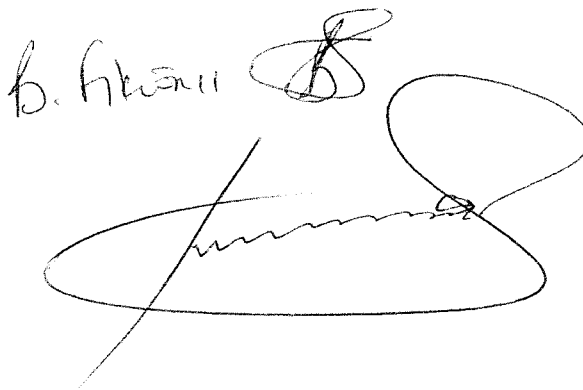


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**MBIZANA LOCAL MUNICIPALITY
CASH FLOW STATEMENT
For the year ended 30 June 2013**

	Note	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from sale of goods and debtors		200 430 099	168 818 532
Cash paid to creditors and employees		133 905 622	97 920 420
Cash generated from operations	22	66 524 477	70 898 112
Interest income		5 190 622	3 453 365
NET CASH FROM OPERATING ACTIVITIES		71 715 098	74 351 477
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(22 646 459)	(44 381 637)
National proceeds (current year) on disposal of property, plant and equipment			
(Increase)/Decrease in investment properties		2 456 708	
Correction of error (vacant sites)		-	
Proceeds on disposal of vacant sites		-	
(Increase)/decrease in non-current receivables		-	
(Increase)/Decrease in non-current investments		(179 343)	
Unspent grants and receipts		-	
(Increase)/Decrease in call investment deposits		-	
Decrease in long-term receivables		-	
NET CASH FROM INVESTING ACTIVITIES		(20 369 094)	(44 381 637)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in non-current provisions		-	-
Loans raised / (repaid)		-	-
Increase in consumer deposits		-	-
(Decrease)/increase in short-term loans		-	-
NET CASH FROM FINANCING ACTIVITIES		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		51 346 005	29 969 841
Cash and cash equivalents at the beginning of the year		75 269 186	45 299 345
Cash and cash equivalents at the end of the year	7	126 615 190	75 269 186

B. Hlengiwe



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MBIZANA LOCAL MUNICIPALITY
 For the year ended 30 June 2013
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013
 30 JUNE 2013

DESCRIPTION	ORIGINAL BUDGET	BUDGET ADJUSTMENT	FINAL ADJUSTMENT BUDGET	SHIFTING OF FUNDS	VIREMENT	FINAL BUDGET	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Trade and other receivables from exchange transactions	-	-	-	-	-	-	210 030	-	(210 030)	-100%	-100%
Trade and other receivables from non-exchange transactions	-	-	-	-	-	-	2 285 829	-	(2 285 829)	-100%	-100%
Consumer debtors	-	-	-	-	-	-	9 598 617	-	(9 598 617)	-100%	-100%
VAT receivable	(219 093 285)	(18 667 178)	(237 760 463)	-	-	(237 760 463)	3 996 898	-	(3 996 898)	-100%	-100%
Cash and cash equivalents	-	-	-	-	-	-	117 925 809	-	(355 686 272)	-54%	-54%
Inventories	-	-	-	-	-	-	310 345	-	(310 345)	-100%	-100%
Operating lease assets	-	-	-	-	-	-	1 757 114	-	(1 757 114)	-100%	-100%
Non - Current Assets											
Property, plant and equipment	99 146 462	(5 269 584)	93 876 878	-	-	93 876 878	241 317 166	-	(147 440 288)	257%	243%
Investment Property	-	-	-	-	-	-	8 001 000	-	(8 001 000)	-100%	-100%
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-
Total Assets	(119 946 823)	(23 936 762)	(143 883 585)	-	-	(143 883 585)	365 402 808	-	(629 286 393)	-5	-5
Current Liabilities											
Provisions	500 000	7 631 633	8 131 633	-	-	8 131 633	5 742 563	-	2 389 070	1	11
Trade and other payables from exchange transactions	-	-	-	-	-	-	6 572 674	-	(6 572 674)	-100%	-100%
Unspent conditional grants and receipts	-	-	-	-	-	-	13 080 396	-	(13 080 396)	-100%	-100%
Consumer deposits	-	-	-	-	-	-	1 117 171	-	(1 117 171)	-100%	-100%
Non - Current Liabilities											
Total Liabilities	500 000	7 631 633	8 131 633	-	-	8 131 633	26 512 804	-	(18 381 171)	326%	5303%
Total assets and Liabilities	(120 446 823)	(31 568 395)	(152 015 218)	-	-	(152 015 218)	358 890 004	-	(510 905 222)	-236%	-298%
Net Assets (Equity)	(120 446 823)	(31 568 395)	(152 015 218)	-	-	(152 015 218)	358 890 004	-	(510 905 222)	-236%	-298%
Accumulated Surplus / (Deficit)	(120 446 823)	(31 568 395)	(152 015 218)	-	-	(152 015 218)	358 890 004	-	(510 905 222)	-236%	-298%

MBIZANA LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2013

1 Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

The annual financial statements have been prepared in accordance with the modified Standards of Generally Recognised Accounting Practices (GRAP), Generally Accepted Municipal Accounting Practices (GAMAP) and the Generally Accepted Accounting Practice (GAAP) with the early adoption of some of the requirements exempted in Gazette 30013 of 27 June 2007. The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated financial statements and accounting for controlled entities
GRAP 7	Accounting for Investments in Associates
GRAP 8	Financial Reporting of Interests 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 the Reporting Date
GRAP 16	Investment property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment reporting and similar liabilities
GRAP 19	Provisions, Contingent Liabilities and Contingent Asset
GRAP 20	Related parties
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budgeted Information
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	Impairment of non-cash generating assets

Where there is no equivalent standard of GRAP or IPSAS an International Financial Reporting Standard (IFRS) that is effective forms part of the GRAP reporting framework. This applies to the accounting standards detailed below:

IAS 12 (AC102)	Income Taxes
IAS 14 (AC 115)	Segment reporting
IAS19 (AC 116)	Employee benefits
IAS20 (AC 134)	Accounting for government grants and disclosure of government assistance
IAS24 (AC 126)	Related party disclosures
IAS26 (AC 136)	Accounting and rereporting by retirement benefit plans
IAS29 (AC 124)	Financial reporting in hyperinflationary economies
IAS 30 (AC 120)	Disclosures in the financial statements of banks and similar financial institutions

MBIZAMA LOCAL MUNICIPALITY
 For the year ended 30 June 2013
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013
 30 JUNE 2013

DESCRIPTION	ORIGINAL BUDGET	BUDGET ADJUSTMENT	FINAL ADJUSTMENT BUDGET	SHIFTING OF FUNDS	VIREMENT	FINAL BUDGET	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non Exchange Transactions	(7 643 867)	-	(7 643 867)	-	-	(7 643 867)	(7 199 305)	-	(444 562)	94%	94%
Property rates	(28 121 492)	(848 597)	(28 970 089)	-	-	(28 970 089)	(16 321 377)	-	(12 648 712)	56%	58%
Service charges - refuse and electricity	(876 341)	-	(876 341)	-	-	(876 341)	(218 800)	-	(657 541)	25%	25%
Fines	(50 000)	(100 000)	(150 000)	-	-	(150 000)	(1 107 493)	-	1 057 493	2215%	-2215%
Licences and permits	(146 135 482)	(17 101 477)	(163 236 959)	-	-	(163 236 959)	(168 890 629)	-	5 653 660	103%	116%
Government grants and subsidies	(867 450)	8 492	(878 958)	-	-	(878 958)	(1 045 783)	-	166 825	119%	118%
Rental of facilities and equipments	-	-	-	-	-	-	-	-	-	0%	0%
Recoveries	(2 515 602)	(961 193)	(3 476 795)	-	-	(3 476 795)	(1 147 960)	-	(2 328 835)	33%	46%
Other income	(3 501 491)	199 874	(3 301 617)	-	-	(3 301 617)	(5 190 622)	-	1 889 005	157%	148%
Interest income	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	(189 631 735)	-18 802 901	-208 434 636	-	-	-208 434 636	-201 121 969	-	-7 312 667	96%	105%
Expenditure											
Personnel	51 468 410	940 722	52 409 132	-	-	52 409 132	44 883 275	-	7 525 857	86%	87%
Remuneration of Councilors	15 191 880	860 823	16 072 703	-	-	16 072 703	16 198 965	-	(126 262)	101%	107%
Depreciation and amortisation	-	0	0	-	-	0	30 067 524	-	(30 067 524)	-100%	-100%
Bad debt impairment	8 549 131	7 631 633	16 180 764	-	-	16 180 764	1 803 642	-	14 377 122	24%	0%
Repairs and maintenance	18 391 956	400 000	18 791 956	-	-	18 791 956	5 990 924	-	12 801 032	58%	65%
Bulk Purchases	69 345 000	2 832 002	72 177 002	-	-	72 177 002	16 250 966	-	55 926 036	86%	88%
Project Related and Other Consulting Fees	35 425 772	3 242 973	38 668 745	-	-	38 668 745	37 278 852	-	1 389 893	52%	55%
General expenses	-	-	-	-	-	-	29 989 070	-	29 989 070	78%	85%
Total Expenditure	197 372 149	16 889 905	214 262 054	-	-	214 262 054	182 053 217	-	31 988 837	85%	92%
Surplus / (Deficit)	7 740 414	(1 912 996)	5 827 418	-	-	5 827 418	(19 068 752)	-	1 367 008	-327%	75%
Contributions Recognised - Capital and Contributed Assets	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets	7 740 414	(1 912 996)	5 827 418	-	-	5 827 418	(19 068 752)	-	1 367 008	-327%	75%

1 Presentation of Annual Financial Statements (continued)

IAS 32 (AC 125)	Financial instruments: Disclosure and presentation
IAS 33 (AC 104)	Earnings per share
IAS 34 (AC 127)	Interim Financial Reporting
IAS 36 (AC 128)	Impairment of assets
IAS 39 (AC 133)	Financial instruments: Recognition and measurement
IFRS 02 (AC 139)	Share-based payment
IFRS 03 (AC 140)	Business combinations
IFRS 04 (AC 141)	Insurance contracts
IFRS 06 (AC 143)	Exploration for and evaluation of mineral resources
IFRS 07 (AC 144)	Financial Instruments: Disclosures

Exemptions from these standards as they relate to the interim arrangements on the implementation of GRAP are detailed under each relevant accounting policy note below as they apply to the municipality.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATING UNCERTAINTY

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 municipality 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 municipality 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 municipality for similar financial instruments.

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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

1.2 INVESTMENT PROPERTY

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

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

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

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

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

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

Fair value

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

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

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

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

1.3 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 municipality;
- 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 at no cost, or for a nominal cost, 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, its 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

MBIZANA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2013

1.3 1.1 PROPERTY, PLANT AND EQUIPMENT (continued)

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.

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

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

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

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

MBIZANA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2013

1.3 PROPERTY, PLANT AND EQUIPMENT (continued)

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 in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Average useful life
Land	undefined
Buildings	30 years
Furniture and fixtures	7 - 10 years
Motor vehicles	3 - 7 years
Infrastructure	15 - 30 years
Community	15 - 30 years
Intangible assets	2 years
Other property plant and equipment	15 - 30 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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.

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 municipality 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. These assets are not accounted for as non-current assets held 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.

Transitional provision

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 2. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

The municipality acquired a transfer(s) of function in 2011 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 2.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of

1.3 PROPERTY, PLANT AND EQUIPMENT (continued)

GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.4 SITE RESTORATION AND DISMANTLING COSTS

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.5 LEASES

Municipality as lessee

Operating leases are those leases that do not meet the definition of the Finance lease (substantially all risks and rewards associated with ownership of an asset are transferred to the municipality.) Operating leases are accrued and accounted for on a straight-line basis over the term of the relevant lease, this on the basis of the cash flows in the lease agreement. The principle of smoothing the current and future lease payments has not been applied. Notwithstanding the exemptions on the recognition of operating lease agreements, the municipality has early adopted IAS 17 (AC 105).

1.6 FINANCIAL INSTRUMENTS

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

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.

Bank overdraft and borrowings

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

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

1.7 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for; distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

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

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

Transitional provision

According to the transitional provision, the municipality is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories has accordingly been recognised at provisional amounts. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where inventories was acquired through a transfer of functions, the municipality is not required to measure that inventories for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and inventories has accordingly been recognised at provisional amounts.

Until such time as the measurement period expires and inventories is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories.

1.8 IMPAIRMENT OF CASH-GENERATING ASSETS

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (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 municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

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

1.9 SHARE CAPITAL / CONTRIBUTED CAPITAL

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

1.10 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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 municipality 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.

1.10 PROVISIONS AND CONTINGENCIES (CONTINUED)

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 municipality

1.10 PROVISIONS AND CONTINGENCIES (continued)

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

After their initial recognition contingent liabilities recognised in business 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 27.

1.11 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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

1.12 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

Revenue from public contributions and donations is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

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

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

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

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

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality'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.

1.13 TURNOVER

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and exclusive of value added taxation.

1.14 INVESTMENT INCOME

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

1.15 BORROWING COSTS

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 COMPARATIVE FIGURES

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

1.17 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.

1.18 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.

1.19 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is 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.

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.

1.19 IRREGULAR EXPENDITURE (CONTINUED)

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.

1.2 USE OF ESTIMATES

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.21 PRESENTATION OF CURRENCY

These annual financial statements are presented in South African Rand.

1.22 OFF SETTING

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

1.23 CONDITIONAL GRANTS AND RECEIPTS

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

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1.23 INTANGIBLE ASSET

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Initial Recognition

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

Intangible assets are initially recognised at cost.

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

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

Subsequent measurement

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

Residual value of intangible assets is estimated to be zero.

Transfers

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

Computer software 2 year

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

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date, where the

carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

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

MBIZANA LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2013

2 PROPERTY, PLANT AND EQUIPMENT
At 30 June 2013
Reconciliation of Carrying Value

Description	Land	Buildings	Infrastructure	Community assets	Furniture, Fittings & Equipment	Motor vehicles	Other assets	Plant and Machinery	Total
	R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2012	32 471 516	8 212 325	145 914 775	40 544 740	4 095 390	4 479 145	91 506	4 166 790	240 976 096
Cost	32 471 516	9 845 324	245 100 975	46 157 853	6 239 722	5 729 787	92 401	4 269 389	348 905 957
Correction of error	-	-	-	-	-	-	-	-	-
Revaluation	-	(632 999)	(99 186 200)	(4 613 113)	(2 144 332)	(1 249 642)	(895)	(102 689)	(107 929 870)
Accumulated depreciation:	-	(632 999)	(99 186 200)	(4 613 113)	(2 144 332)	(1 249 642)	(895)	(102 689)	(107 929 870)
- Cost	-	(632 999)	(99 186 200)	(4 613 113)	(2 144 332)	(1 249 642)	(895)	(102 689)	(107 929 870)
- Correction of error	-	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-	-
Acquisitions	227 443	-	19 882 504	1 190 843	499 967	845 503	-	-	22 646 459
Capital under construction	-	2 594 205	7 637 310	703 483	-	-	-	-	10 935 598
Depreciation	-	(437 653)	(25 207 029)	(1 950 022)	(1 164 192)	(820 525)	(11 044)	(477 069)	(30 067 524)
- based on cost	-	(437 653)	(25 207 029)	(1 950 022)	(1 164 192)	(820 525)	(11 044)	(477 069)	(30 067 524)
- based on revaluation	-	-	-	-	-	-	-	-	-
Carrying value of disposals:	-	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	(90 669)	(90 669)
Impairment loss	-	-	-	-	-	-	-	(90 669)	(90 669)
Cost/revaluation	-	-	-	-	-	-	-	(90 669)	(90 669)
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Other movements	32 698 959	11 368 876	148 228 260	40 489 044	3 431 175	4 504 222	80 462	3 588 962	244 399 961
Carrying values at 30 June 2013	32 698 959	12 439 529	272 621 489	47 052 178	6 739 688	6 574 390	92 401	4 178 720	382 397 355
Additions	-	-	-	-	-	-	-	-	-
Work-in-progress	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Application of ASB Directive 4 transitional provision	-	-	-	-	-	-	-	-	-
- transferred to Accumulated Surplus	-	(1 070 653)	(124 393 229)	(6 563 134)	(3 308 514)	(2 070 166)	(11 939)	(579 759)	(137 997 394)
Accumulated depreciation:	-	(1 070 653)	(124 393 229)	(6 563 134)	(3 308 514)	(2 070 166)	(11 939)	(579 759)	(137 997 394)
- Cost	-	(1 070 653)	(124 393 229)	(6 563 134)	(3 308 514)	(2 070 166)	(11 939)	(579 759)	(137 997 394)
- Revaluation	-	-	-	-	-	-	-	-	-

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2011

2 PROPERTY, PLANT AND EQUIPMENT
 At 30 June 2012

Description	Reconciliation of Carrying Value								
	Land	Buildings	Infrastructure	Community assets	Furniture, Fittings & Equipment	Motor vehicles & Trucks	Other assets	Plant and Machinery	Total
	R	R	R	R	R	R	R	R	R
Unadjusted Carrying value at 1 July 2011	32 245 690	41 252 312	153 850 812	132 551	2 508 980	2 538 996	213 243	-	232 742 584
Cost	32 245 690	48 314 713	211 484 511	155 872	5 564 127	3 976 313	215 740	-	301 936 966
Accumulated depreciation	-	(7 062 401)	(57 613 699)	(23 321)	(3 055 157)	(1 437 317)	(2 397)	-	(69 194 302)
Adjusted Carrying values at 1 July 2011	32 430 018	6 883 014	129 045 975	35 397 548	4 433 174	2 995 821	-	986 617	212 162 282
Cost	32 245 690	48 314 713	211 484 511	155 872	5 564 127	3 976 313	215 740	-	301 936 966
Correction of error	174 328	(41 115 140)	(2 245 350)	38 287 732	42 784	-	(215 740)	1 237 850	(3 823 477)
Revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation:	-	(316 559)	(80 173 196)	(3 056 118)	(1 173 737)	(960 382)	-	(251 233)	(65 951 226)
- Cost	-	(7 062 401)	(57 613 699)	(23 321)	(3 055 157)	(1 437 317)	(2 397)	-	(69 194 302)
- Correction of error	-	6 745 842	(22 559 497)	(3 032 797)	1 881 430	456 925	2 397	(251 233)	(16 756 924)
- Revaluation	-	-	-	-	-	-	-	-	-
Acquisitions	51 500	-	35 218 515	184 332	6 871 901	1 962 988	92 401	-	44 381 637
Correction of error	-	900 179	(13 490 106)	5 390 461	(6 080 808)	677 653	-	4 166 538	(8 406 079)
Capital under construction (Correction of error)	-	1 715 572	14 153 406	1 129 366	-	-	-	-	16 996 373
Increases/decreases in revaluation	-	-	-	-	-	-	-	-	-
Depreciation:	-	(316 440)	(19 013 014)	(1 556 994)	(1 080 516)	(649 893)	(895)	(191 956)	(22 309 706)
- based on cost	-	(2 634 754)	(12 711 959)	(6 740)	(1 115 799)	(1 235 147)	(17 298)	-	(17 721 417)
- Correction of error	-	2 318 324	(6 301 345)	(1 550 254)	35 283	585 254	16 403	(191 856)	(5 088 291)
- based on revaluation	-	-	-	-	-	-	-	-	-
Carrying value of disposals (Correction of error):	-	-	-	-	(48 364)	(507 524)	-	(754 500)	(1 350 388)
Cost/revaluation	-	-	-	-	(158 285)	(886 167)	-	(1 136 000)	(2 181 452)
Accumulated depreciation	-	-	-	-	109 921	380 643	-	340 500	831 054
Impairment loss	-	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Unadjusted Carrying values at 30 June 2012	32 297 190	38 617 548	176 257 658	310 143	8 265 062	3 286 837	288 446	-	259 402 844
Adjusted Carrying values at 30 June 2012	32 471 516	9 212 325	145 914 775	40 544 740	4 093 390	4 479 145	91 506	4 166 700	240 976 096
Cost	32 471 516	9 845 324	245 100 975	45 157 853	6 239 722	5 728 787	92 401	4 269 389	348 905 967
Revaluation	-	-	-	-	-	-	-	-	-
Application of ASB Directive 4 transitional provision	-	-	-	-	-	-	-	-	-
- transferred to Accumulated Surplus	-	(632 999)	(99 186 200)	(4 613 113)	(2 144 332)	(1 249 642)	(895)	(102 689)	(107 929 870)
Accumulated depreciation:	-	(632 999)	(99 186 200)	(4 613 113)	(2 144 332)	(1 249 642)	(895)	(102 689)	(107 929 870)
- Cost	-	(632 999)	(99 186 200)	(4 613 113)	(2 144 332)	(1 249 642)	(895)	(102 689)	(107 929 870)
- Revaluation	-	-	-	-	-	-	-	-	-

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

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

2013
R

2012
R

2 PROPERTY, PLANT AND EQUIPMENT (Continued)

Transitional provisions

Property, plant and equipment recognised at provisional amounts

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

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Land sales	210 030	210 038
	<u>210 030</u>	<u>210 038</u>

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Payroll debtors	134 498	32 805
Other debtors	-	944 379
	<u>134 498</u>	<u>977 184</u>

5 VAT RECEIVABLE

VAT	4 125 216	1 583 767
	<u>4 125 216</u>	<u>1 583 767</u>

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

6 CONSUMER DEBTORS

As at 30 June 2013

Debtors from non exchange transactions
 Rates

Debtors from exchange transactions

Electricity
 Refuse
 Other

	Gross balance	Provision for bad debts	Net balances
Debtors from non exchange transactions Rates	3 623 568		
Debtors from exchange transactions			
Electricity	5 708 591		
Refuse	2 123 961		
Other	4 778 380		
	16 234 500	(6 635 882)	9 598 618

As at 30 June 2012

Debtors from non exchange transactions
 Rates

Debtors from exchange transactions

Electricity
 Refuse
 Other

	Gross balance	Provision for bad debts	Net balances
Debtors from non exchange transactions Rates	3 103 917	(1 529 056)	1 574 861
Debtors from exchange transactions			
Electricity	1 904 282	(572 091)	1 332 191
Refuse	991 398	(799 493)	191 905
Other	7 693 839	(1 931 600)	5 762 239
	13 693 436	(4 832 240)	8 861 196

2013
 R

2012
 R

Rates: Ageing

Current (0 - 30 days)	2 147 386	1 432 240
31 - 60 days	702 402	597 866
61 - 90 days	659 545	433 854
91 - 120 days	592 818	412 754
121 - 365 days	12 132 349	10 816 722.0
Less Impairment	(6 635 882)	(4 832 240)
Total	9 598 618	8 861 196

Reconciliation of bad debts impairment provision

Balance at beginning of the year	(4 832 240)	(3 031 718)
Contributions to provision	(1 803 642)	(1 800 522)
Debt impairment written off against provision	-	-
	(6 635 882)	(4 832 240)

In determining the recoverability of consumer debt the municipality considers any change in the credit quality of the consumer debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the consumer base being large and unrelated. Accordingly, the Provision for Impairment is determined according to the past payment patterns of the different consumers within the various categories, using the following rates: -

- Debtors with history of payments between 0% and 50% of debt - 100% of outstanding debt.
- Debtors with history of payments between 51% and 80% of debt - 50% of outstanding debt.
- Debtors with history of payments between 81% and 100% of debt - 0% of outstanding debt.

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

2013
R

2012
R

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	102	142
Bank balances	1 790 014	3 748 342
Short-term deposits	116 276 857	71 496 607
32-Day Savings Notice	208 043	1 787 333
FNB main account	8 340 174	-
	<u>126 615 191</u>	<u>77 032 424</u>
Current assets	118 275 016	77 032 424
Current liabilities	8 340 174	0
	<u>126 615 191</u>	<u>77 032 424</u>

The municipality had the following bank accounts

Account number / description

Current Accounts

Public Sector Cheque Account 51704922107
 Public Sector Account 61170003788
 Public Sector Cheque Account 51701039997

32-Day Savings Notice

32 Day Notice - 740 0292 4914

Call Accounts

Business Call Account 611700303564
 Business Call Account 620003246693
 Business Call Account 61170003374
 Business Call Account 62022692439
 Business Call Account 62022224555
 Business Call Account 62028477992
 Business Call Account 62122946447
 Business Call Account 62122946661
 Business Call Account 62122946778
 Business Call Account 62122946926

Bank statement balances			Cash book balances		
30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
	5 033 172	5 649 484	8 340 174	3756776	(534 049)
	328 603	362 025	330 396	328 603	113 901
	1 458 729	1 441 397	1 459 617	1 458 729	1 441 397
			208 043		
			42 221		
			21 237		
			100 574		
			400 379		
			1 241		
			115 074 279		
			4 493		
			619 443		
			6 495		
			6 495		
	6 820 504	7 452 906	126 615 089	5 544 108	1 021 249

MBIZANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2013

	2013 R	2012 R
8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent conditional grants and receipts comprises of:		
Municipal Infrastructure Grant	7 037 635	2 951 167
Municipal Systems Improvement Grant	457 926	-
Extension 2 Residents	33 802	33 802
Pilot Housing Fund	391 620	391 620
Fraud Prevention Plan	160 280	160 280
Baleni Capentry Grant	62 988	598 788
Municipal Support Grant	275 148	275 148
R&M IEC Grant	263 124	263 124
LED: Economic Master Plan	326 200	500 000
LED: Capacity Grant	0	-
Intergrated National Electrification Grant	1 887 847	-
Financial Management Grant	905 620	-
IDP Grant	-	-
Special Development Framework Grant	500 000	-
EPWP Grant	250 098	-
	<u>12 552 289</u>	<u>5 173 929</u>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 14 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

9 PROVISIONS

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	1 328 049	-	-	1 328 049
Workmen's compensation	482 164	(8 014)	-	474 150
Staff leave provision	2 695 914	509 348	-	3 205 262
Staff 13th cheque provision	-	671 294	-	671 294
	<u>4 506 127</u>	<u>1 172 628</u>	<u>-</u>	<u>5 678 755</u>

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	841 390	486 659	-	1 328 049
Workmen's compensation	-	482 164	-	482 164
Staff leave provision	2 123 991	571 923	-	2 695 914
	<u>2 965 381</u>	<u>1 540 746</u>	<u>-</u>	<u>4 506 127</u>

Environment rehabilitation provision

Provision is made to comply with the Eastern Cape's Department of Water Affairs (DWA) and Department of Economic Development and Environmental Affairs (DEDEA) on the landfill waste sites. The provision has been determined on the basis of a recent independent financial requirement and viability study.

Staff leave provision

The staff leave provision is based on the number of leave days accruing to the employees multiplied by the most recent salaries. The provision has thus increased as a result of increments in salary rates that were implemented during the period.

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	1 301 429	1 522 242
Payments received in advance	-	227 380
Accruals	14 436 729	-
Other payables	165 851	1 121 782
Retention	4 127 923	2 453 244
Unidentified deposits	(79 107)	-
	<u>19 952 825</u>	<u>5 324 648</u>

The average credit period on purchases is 30 days from the receipt of the invoice as required by the MFMA. No interest is charged for the first 30 days from the date of receipt of invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

Management of the municipality is of the opinion that the carrying values of accounts payable approximate their fair values.

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
11 PROPERTY RATES		
<u>Rates received</u>		
Residential	374 445	434 053
Commercial	1 586 888	1 773 558
State	1 193 321	1 565 380
Phase 1 Properties	<u>4 036 821</u>	<u>2 503 035</u>
	<u>7 199 305</u>	<u>6 276 026</u>
 12 SERVICE CHARGES		
Funeral Fees	7 831	8 839
Vending and hawking	37 312	31 730
Advertising income	48 934	35 986
Building plans	50 281	59 623
Sales of electricity	15 192 276	12 786 403
Refuse removal	<u>984 743</u>	<u>879 496</u>
	<u>16 321 377</u>	<u>13 802 076</u>

MBIZANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2013

	2013 R	2012 R
13 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	106 463 000	98 860 000
Municipal Infrastructure Grant	31 631 532	30 400 012
Municipal System Improvement	342 074	995 826
Financial Management Grant	594 380	1 450 000
IDP Grant	200 000	150 000
LED Baleni Grant	535 800	207 982
IEC Grant	-	915 960
Integrated National Electrification Grant	28 112 153	11 000 000
LED Capacity Building Grant	87 990	67 180
LED Economic Masterplan Grant	173 800	-
EPWP Grant	749 902	-
	<u>168 890 629</u>	<u>144 046 960</u>

Municipal Infrastructure Grant

Balance unspent at the beginning of the year	2 951 167	5 773 321
Current year receipts	35 718 000	29 445 000
Conditions met - transferred to revenue	(31 631 532)	(30 400 012)
Other	-	(1 867 142)
	<u>7 037 635</u>	<u>2 951 167</u>

Condition still to be met - remain liabilities (see note 8)

Municipal System Improvement Grant

Balance unspent at the beginning of the year	-	205 826
Current year receipts	800 000	790 000
Conditions met - transferred to revenue	(342 074)	(995 826)
	<u>457 926</u>	<u>-</u>

Condition still to be met - remain liabilities (see note 8)

Extension 2 Residential

Balance unspent at the beginning of the year	33 802	33 802
Conditions met - transferred to revenue	-	-
	<u>33 802</u>	<u>33 802</u>

Condition still to be met - remain liabilities (see note 8)

Pilot Housing Fund

Balance unspent at the beginning of the year	391 620	78 338
Current year receipts	-	313 282
Conditions met - transferred to revenue	-	-
	<u>391 620</u>	<u>391 620</u>

Condition still to be met - remain liabilities (see note 8)

Financial Management Grant

Current year receipts	1 500 000	1 450 000
Conditions met - transferred to revenue	(594 380)	(1 450 000)
	<u>905 620</u>	<u>-</u>

Condition still to be met - remain liabilities (see note 8)

Spatial Development Framework

Current year receipts	500 000	-
Conditions met - transferred to revenue	-	-
	<u>500 000</u>	<u>-</u>

Condition still to be met - remain liabilities (see note 8)

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
13 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
Fraud Prevention Plan		
Balance unspent at the beginning of the year	<u>160 280</u>	<u>160 280</u>
Condition still to be met - remain liabilities (see note 8)		
IDP Grant		
Current year receipts	200 000	150 000
Conditions met - transferred to revenue	<u>(200 000)</u>	<u>(150 000)</u>
	<u>-</u>	<u>-</u>
All the conditions have been met and all funds have been spent.		
Baleni Capentry Grant		
Balance unspent at the beginning of the year	598 788	645 520
Current year receipts	0	161 250
Conditions met - transferred to revenue	<u>(535 800)</u>	<u>(207 982)</u>
	<u>62 988</u>	<u>598 788</u>
Condition still to be met - remain liabilities (see note 8)		
Municipal Support Grant		
Balance unspent at the beginning of the year	275 148	275 148
Current year receipts	-	-
Conditions met - transferred to revenue	<u>-</u>	<u>-</u>
	<u>275 148</u>	<u>275 148</u>
Condition still to be met - remain liabilities (see note 8)		
Intergrated National Electrification Grant		
Balance unspent at the beginning of the year	-	11 000 000
Current year receipts	30 000 000	-
Conditions met - transferred to revenue	<u>(28 112 153)</u>	<u>(11 000 000)</u>
	<u>1 887 847</u>	<u>-</u>
During the current year an initiative was undertaken to electrify 5 villages, towards which R 30 million was received, of which R 28 million was spent.		
IEC Grant		
Balance unspent at the beginning of the year	263 124	1 179 084
Current year receipts	-	-
Conditions met - transferred to revenue	<u>-</u>	<u>(915 960)</u>
	<u>263 124</u>	<u>263 124</u>
EPWP Grant		
Balance unspent at the beginning of the year	1 000 000	-
Current year receipts	(749 902)	-
Conditions met - transferred to revenue	<u>250 098</u>	<u>-</u>
LED: Capacity Grant		
Balance unspent at the beginning of the year	-	-
Current year receipts	87 990	-
Conditions met - transferred to revenue	<u>(87 990)</u>	<u>-</u>
	<u>0</u>	<u>-</u>
Condition still to be met - remain liabilities (see note 8)		
LED: Master Plan Grant		
Balance unspent at the beginning of the year	500 000	500 000
Current year receipts	-	-
Conditions met - transferred to revenue	<u>(173 800)</u>	<u>-</u>
	<u>326 200</u>	<u>500 000</u>
Condition still to be met - remain liabilities (see note 8)		

There was a significant increase in the amount of grants received during the current year, mainly relating to the Integrated National Electrification Grant and to a lesser extent, the Equitable Share Grant. Furthermore, in comparison to the previous financial year, a number of the grant receipts were left unspent due to instability caused by the turnover in key positions.

MBIZANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2013

	2013 R	2012 R
14 OTHER INCOME		
Tender fees	214 813	63 100
Land sales	112 537	141 604
Asset disposal	-	709 314
LGSET/Skills Development	233 774	239 674
Natis Agency	544 293	609 548
Commissions received	42 542	-
	<u>1 147 960</u>	<u>1 763 239</u>

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
26 RENTAL OF FACILITIES AND EQUIPMENT		
<i>Premises</i>	891 979	1 738 670
Premises	96 413	39 328
Venue hire	57 390	26 267
Billboards and advertising	<u>1 045 783</u>	<u>1 804 265</u>

27 CONSUMER DEPOSITS		
Electricity	384 269	325 769
Hall hire deposits	18 457	-
	<u>402 726</u>	<u>325 769</u>

Consumer deposits are paid by the consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In case where consumers default on their accounts, Council can utilise the deposit as payment for the outstanding account.

Management of the municipality is of the opinion that the carrying value of consumer deposits approximate their fair value

28 INVENTORIES		
Consumables stores	<u>346 745</u>	<u>91 432</u>

29 INVESTMENT PROPERTIES		
Valuation	5 544 292	8 001 000
Accumulated depreciation	-	-
Carrying value	<u>5 544 292</u>	<u>8 001 000</u>

Reconciliation for Investment properties for 2013

	Investment Property	Total
Opening Balance 1 June 2012	8 001 000	8 001 000
Valuation	8 001 000	8 001 000
Accumulated Depreciation	-	-
Movements	-2 456 708	-
Additions	-	-
Disposal	-	-
Fair value adjustment	-2 456 708	-
Depreciation	-	-
Closing Balance 30 July 2013	<u>5 544 292</u>	<u>8 001 000</u>
Valuation	5 544 292	8 001 000
Accumulated depreciation	-	-

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
15 GENERAL EXPENSES		
Accounting Fees	128 959 a	133 625
Advertising	352 103 a	257 473
Audit committee fees	25 313 a	36 275
Audit fees	2 042 083 a	3 560 306
Bank charges	129 859 a	168 591
Books	36 469 a	122 592
Cemetery	18 553 a	174 850
Cleaning	410 595 a	77 662
Communication	366 472 a	-
Community Involvement	968 763 a	337 854
Consulting and professional fees	1 324 423 a	2 529 733
Entertainment	751 599 a	495 430
Environmental Projects	423 202 a	547 824
Payroll Expenses	123 850 a	122 892
Free Basic Services	614 106 a	695 284
Fuel and oil	1 389 392 a	1 138 162
HIV/AIDS Programmes	420 779 a	252 997
IT expenses	944 434 a	855 346
Institutional Support	2 099 235 a	1 435 185
Insurance	947 573 a	420 356
Legal Fees	2 307 865 a	260 420
Licencing Fees	422 929 a	231 892
Mayor's Special Programmes	657 840 a	301 955
Membership Fees	6 150 a	29 737
Other Expenses	1 411 212 a	2 304 637
Printing and stationery	302 478 a	569 357
Protective clothing	290 841 a	274 912
Public Participation	249 543 a	196 102
Security (Guarding of municipal property)	1 047 587 a	914 203
Material and Stores	158 424 a	85 063
Telephone and fax	1 798 564 a	1 835 557
Tourism development	97 112 a	109 856
Travelling and Accommodation	2 611 870 a	3 950 685
Ward Committee Fees	3 647 620 a	2 877 202
Electricity Infrastructure	1 461 273 a	-
	<u>29 989 070</u>	<u>27 304 015</u>

Advertising costs increased during the current period due to advertisements that were posted for senior positions that became vacant during the period, and an increase in the number of projects which were advertised.

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
16 EMPLOYEE RELATED COSTS		
Basic	33 178 687	24 400 268
Bonus	1 390 612	1 385 818
Medical aid - company contributions	1 238 125	1 092 797
UIF	210 236	185 274
WCA	-	340 001
SDL	294 428	271 279
SALGA Levies	598 720	355 584
Leave pay provision charge	849 191	909 880
Staff bonus provision	671 294	-
Post-employment benefits - Pension-Defined contribution plan	1 769 918	1 753 631
Travel, motor car, accommodation, subsistence and other allowances	3 216 827	1 004 088
Overtime payments	37 634	395 382
Long services awards	173 661	46 250
Housing benefits and cellphone allowances	1 062 084	282 090
Workmen's compensation	-	482 164
Allowances	180 468	201 850
Bargaining Council	11 390	8 109
Total employee related costs	<u><u>44 883 275</u></u>	<u><u>33 114 465</u></u>

There was an increase in Personnel Costs , which was mainly due to salary and other employee benefit increments that were implemented during the current year.

Remuneration of the Municipal Manager

Annual remuneration	1 045 175	806 887
Leave pay	136 985	-
Other	16 164	19 706
Termination benefits	2 500 920	-
	<u><u>3 699 243</u></u>	<u><u>826 593</u></u>

Remuneration of the Chief Finance Officer

Annual remuneration	336 000	840 000
Services bonus	35 000	-
Leave pay	71 712	-
Travelling allowance	125 381	-
Housing benefits, car and cellphone allowances	75 369	-
Other	25 084	9 600
	<u><u>668 546</u></u>	<u><u>849 600</u></u>

Director- Planning and Infrastructure

Annual remuneration	423 224	840 000
Services bonus	-	9 600
Travelling allowance	251 926	-
Housing benefits, car and cellphone allowances	5 600	-
Other	69 374	-
	<u><u>750 124</u></u>	<u><u>849 600</u></u>

Director - Corporate Services

Annual remuneration	-	758 012
Other	-	8 800
	<u><u>-</u></u>	<u><u>766 812</u></u>

The Director of Corporate Services resigned from his duties at 31 May 2012. At the Statement of Financial Position date the post for Director of Corporate services is still vacant

Director - Community Services

Annual remuneration	481 706	840 000
Leave pay	60 092	-
Travelling allowance	251 986	-
Housing benefits, car and cellphone allowances	62 700	-
Other	57 028	-
	<u><u>913 512</u></u>	<u><u>840 000</u></u>

MBIZANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2013

	2013 R	2012 R
17 REMUNERATION OF COUNCILLORS		
Basic Salaries	10 266 435	
Contribution - Medical Aid	-1 406	
Allowance - Cellphone	757 495	
Allowance - Travel & Car	2 976 557	
Insurance - UIF	297	
Skills Development Levy	11 554	
Subsistence and Travel	189 315	
Travel and Accommodation	939 814	
Public Office Allowance	1 058 905	
	<u>16 198 965</u>	<u>14 075 069</u>

In-kind Benefits

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

The Mayor has use of a council owned motor vehicles for official duties. The Mayor has one full-time bodyguard

During the current year the council members increased from fifty to sixty members. This has resulted in the increase in council expenses

Unemployment Insurance Fund

During the past financial year, the Unemployment Insurance Fund Act, 2002 was amended to exempt municipal councillors from the payment of UIF. The amendment came into effect on 1 April 2012, and has resulted in a significant decrease in the Municipality's current year UIF expense.

18 INVESTMENT REVENUE

<i>Interest revenue</i>		
Business Call Accounts	4 788 750	3 389 009
Current Account	38 270	64 356
Accrued interest on Accounts Receivable	363 602	-
	<u>5 190 622</u>	<u>3 453 365</u>

19 DEPRECIATION AND AMORTISATION

Property Plant and Equipment	30 067 524	22 809 708
	<u>30 067 524</u>	<u>22 809 708</u>

20 BULK PURCHASES

Electricity purchases	16 250 966	13 499 898
	<u>16 250 966</u>	<u>13 499 898</u>

Bulk purchases are that of the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resell to the consumers. Electricity is purchased from Eskom

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
21 PROJECT RELATED AND OTHER CONSULTING FEES		
<i>Other subsidies</i>		
MIG Projects	1 581 388	-
Municipal System Improvement Grant	309 521	984 740
Financial Management Grant	572 745	1 318 469
IDP IGR & Communications	720 495	612 219
LED Capacity Building Grant	87 990	481 961
Intergrated Electrification	32 588 451	9 341 883
R&M IEC Preparations	-	792 474
LED Projects: Baleni Grant	470 000	66 225
EPWP Grant	749 902	-
Mining	<u>198 360</u>	-
	<u>37 278 852</u>	<u>13 597 971</u>

This account was previously called Grants and Subsidies Paid and the name was changed for better presentation. Project related and Other Consulting Fees consists of expenses incurred during the period in respect of various grants received at the beginning of the period. These expenses include salaries paid to interns, project management and other consulting fees and project related travelling expenses. The amount has increased significantly when compared to last year, mainly due to expenditure that was incurred towards the electrification of 5 villages during the current year. MIG Projects, which consists of MIG related salaries was included in the salaries account last year.

22 CASH GENERATED BY OPERATIONS

Surplus	16 463 924	47 350 434
Interest income	(5 190 622)	(5 216 604)
Depreciation and amortisation	30 067 524	17 721 415
Movements in operating lease assets and accruals	261 905	(21 985)
Increase/ (Decrease) in staff leave provision	509 348	571 923
Increase in staff 13th cheque provision	671 294	-
Provision for environmental rehabilitation	-	486 659
(Decrease)/ Increase in provision for workmen's compensation	(8 014)	482 164
Provision for doubtful debts	1 803 642	1 800 522
Prior year errors	<u>2 553 472</u>	<u>8 285 079</u>
Operating surplus / (deficit) before working capital changes:	47 132 473	71 459 607
Inventories	(255 313)	20 293
Receivables from exchange transactions	8	(1 800 522)
Other receivables from non-exchange transactions	842 686	2 929 844
Consumer debtors	(737 422)	861 882
Payables from exchange transactions	14 628 177	(1 802 777)
VAT	(2 541 449)	2 709 957
Unspent conditional grants and receipts	7 378 360	(3 490 672)
Consumer deposits	<u>76 957</u>	<u>10 500</u>
Cash generated by / (utilised in) operations	<u>66 524 477</u>	<u>70 898 112</u>

29 INVESTMENT PROPERTIES (CONTINUED)

Reconciliation for Investment properties for 2012

	Investment Property	Total
Opening Balance 1 June 2011	8 001 000	8 001 000
Valuation	8 001 000	8 001 000
Accumulated Depreciation	-	-
Movements	-	-
Additions	-	-
Disposal	-	-
Fair value adjustment	-	-
Depreciation	-	-
Closing Balance 30 July 2012	8 001 000	8 001 000
Valuation	8 001 000	8 001 000
Accumulated depreciation	-	-

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

Details of valuation

The valuation of the Municipality's Investment Properties was performed by an independent valuer, Mimosa Properties. Mimosa Properties are not connected to the municipality and have 8 years of experience in location and category of the investment property being valued. There was decrease in the fair value of investment property as determined by the independent valuer. A fair value adjustment of (R 2 456 708) was recognised in the surplus/deficit for the year.

30 INTANGIBLE ASSETS

Cost	462 111	462 111
Accumulated depreciation	(462 111)	(462 111)
Carrying value	-	-

Reconciliation for Intangible assets for 2013

	Computer Software, other	Total
Opening Balance at 1 June 2011	-	-
Cost	462 111	462 111
Accumulated Depreciation	(462 111)	(462 111)
Movements	-	-
Additions	-	-
Disposal	-	-
Depreciation	-	-
Impairment	-	-
Closing Balance at 30 July 2012	462 111	462 111
Cost	462 111	462 111
Accumulated depreciation	(462 111)	(462 111)

Reconciliation for Intangible assets for 2012

	Computer Software, other	Total
Opening Balance at 1 June 2011	-	-
Cost	462 111	462 111
Accumulated Depreciation	(462 111)	(462 111)
Movements	-	-
Additions	-	-
Disposal	-	-
Depreciation	-	-
Impairment	-	-
Closing Balance at 30 July 2012	462 111	462 111
Cost	462 111	462 111
Accumulated depreciation	(462 111)	(462 111)

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
31 COMMITMENTS		
Authorised capital expenditure		
Already contracted for but not provided for		
MIG Projects	23 738 514	33 518 419
Integrated National Electrification	<u>20 894 879</u>	<u>-</u>
	<u><u>44 633 394</u></u>	<u><u>33 518 419</u></u>

This committed expenditure relates to capital projects and the agreed upon settlement fee of the former Municipal Manager's remaining portion of his contract term at the time of the early termination of his contract.

32 ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contribution to organised local government

Audit fees	2 042 083	3 560 306
Current year	<u>(2 042 083)</u>	<u>(3 560 306)</u>
Amount paid-current year	<u>-</u>	<u>-</u>

PAYE and UIF

Amount paid on behalf of employees to SARS	<u>8 170 230</u>	<u>7 120 167</u>
	<u><u>8 170 230</u></u>	<u><u>7 120 167</u></u>

There was a significant increase in 3rd party payments made to SARS during the current year, when compared with the prior year due to increments in staff salaries and other employee benefits.

Pension and Medical Aid Deductions	4 185 866	3 643 534
Amount paid on behalf of employees to Medical Aid and Pension Scheme	<u>4 185 866</u>	<u>3 643 534</u>

VAT

VAT receivable in the current period	<u>4 125 216</u>	<u>1 583 767</u>
--------------------------------------	------------------	------------------

Councillors' arrear consumer accounts

The following Councillors had arrear accounts:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
30 June 2013			
Kwelemtini N	778.14	88.70	689.44
Mhlelebana N	<u>5 955.79</u>	<u>637.94</u>	<u>5 318</u>
	<u><u>6 733.93</u></u>	<u><u>726.64</u></u>	<u><u>6 007.29</u></u>
30 June 2012			
Mhlelebana N	<u>4 053.09</u>	<u>605.33</u>	<u>3 448</u>
	<u><u>4 053.09</u></u>	<u><u>605.33</u></u>	<u><u>3 447.76</u></u>

33 FINANCIAL ASSETS BY CATEGORY

The accounting policies for the financial instruments have been applied to the line items below:

2013

	Cash and receivables	Total
Consumer debtors	9 598 618	9 598 618
Other receivables from non-exchange transactions	134 498	134 498
Short term deposits	116 276 857	116 276 857
Other bank balances	1 790 014	1 790 014
Cash on hand	102	102
	<u>127 800 089</u>	<u>127 800 089</u>

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

33 FINANCIAL ASSETS BY CATEGORY (CONTINUED)

The accounting policies for the financial instruments have been applied to the line items below.

2012

Consumer debtors
 Other receivables from non-exchange transactions
 Other bank balances
 Cash on hand

Cash and receivables	Total
8 861 196	8 861 196
1 386 255	1 386 255
1 787 333	1 787 333
142	142
12 034 926	12 034 926

34 FINANCIAL LIABILITIES BY CATEGORY

2013

Trade and other payables
 Consumer deposits

Financial liabilities at amortised cost	Total
19 952 825	19 952 825
402 726	402 726
20 355 551	20 355 551

2012

Trade and other payables
 Consumer deposits

Financial liabilities at amortised cost	Total
5 324 648	5 324 648
325 769	325 769
5 650 417	5 650 417

35 COMPARATIVE FIGURES

Certain comparative figures have been reclassified. Refer to note 37 for more details

36 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plan

It is the policy of the municipality to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident fund, all of which are subject to the Pension Fund Act exist for this purpose

The municipality is under no obligation to cover any unfunded benefits

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

37 PRIOR PERIOD ERRORS

During the current year some adjustments were made to prior year figures due to the incorrect classification of some assets in the past.

The correction of the error(s) has resulted in the following adjustments:

.1. Accumulated surplus/ (deficit)

Closing balance - 30 June 2012		342 586 566
Correction of error - depreciation charge for the period	Note 2	(5 088 291)
Correction of error - Accumulated depreciation (2011/12)	Note 2	(15 925 860)
Correction of error - Accumulated depreciation (2009/10)		15 846 823
Readjusted balance at the end of the year - 30 June 2012		337 419 238

.2. Property, Plant and Equipment

Cost as previously recorded	Note 2	301 936 966
Accumulated depreciation as previously recorded	Note 2	(69 194 302)
Unadjusted Carrying amount at the beginning of the year - 01 July 2011		232 742 664
Additions as previously recorded	Note 2	44 381 637
Depreciation for the period as previously recorded	Note 2	(17 721 417)
Unadjusted Carrying amount at the end of the year - 30 June 2012		259 402 884
Correction of error (accumulated depreciation) - Reclassification of assets	Note 2	(20 580 402)
Correction of error - Additions	Note 2	(8 406 079)
Correction of error - Capital under construction	Note 2	16 998 373
Correction of error - Disposals	Note 2	(1 350 388)
Correction of error - depreciation charge for the period	Note 2	(5 088 291)
Carrying amount at the end of the year - 30 June 2011		240 976 096

38 GOING CONCERN

We draw attention to the fact that at 30 June 2013, the municipality had accumulated surplus of R 350 153 558 and that the municipality's total assets exceed its liabilities by R 350 153 558.

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

39 EVENTS AFTER THE REPORTING DATE

There were no events requiring disclosure or adjustment of the Annual Financial Statements that occurred subsequent to 30 June 2013.

40 CONTINGENCIES

Contingent assets

There are currently Nil contingent assets (2012: R222,275). To date no action has been taken in order to recover the prior year amount.

Contingent liabilities
 (2012: R311,828.11)

Case no: 885/2011 Gift Fynn and Mbizana Local Municipality (4th defendant) - Estimated contingent fees R600 000.00.

The case relates to a claim for land (ERF 41 Bizana) made by Gift Fynn against the Mbizana Local Municipality. The Municipality's lawyers are of the opinion that the chances of the Municipality winning the case are 50:50.

Madolwana and 11 others vs Mbizana local municipality- Estimated at R300,000.

This relates to an urgent application to declare unlawful meeting & resolutions passed at council meeting of 30/08/2012.

Busuku & Siraza vs Mbizana local municipality- Estimated at R80,000

Urgent application to compel speaker of the entity to convene a special council meeting.

**Municipal workers Wage Curve As per the Resolution of the Plenary Meeting held on the 24th June 2004
 Estimated at R 2 241 717,85**

Municipalities are instructed to implement 2.5% increment notch. That the 2.5% incremental notch is in accordance with the industrial council scales. This incremental notch was not implemented by the Municipality since the agreement was reached. It has come to the fore that discussions around the implementation of the 2.5% have been revived within the municipality and a settlement of the backpay is being negotiated. Indications are that an agreement will be reached which results in the 2.5% being paid back from 2009 to 2013.

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

	2013 R	2012 R
41 ELECTRICITY DISTRIBUTION LOSSES		
Units purchased during the year	21 894 554	20 114 984
Units sold during the year	(15 007 230)	(14 584 619)
Losses incurred	<u>6 887 324</u>	<u>5 530 365</u>
42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
42.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	3 383 316	-
Unauthorised expenditure current year	6 212 770	3 383 316
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>9 596 086</u>	<u>3 383 316</u>
Incident	Disciplinary steps/criminal proceedings	
<i>Variation orders not authorised by the Municipal Manager - Various Projects</i>	None	
42.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	671 580	547 493
Fruitless and wasteful expenditure current year	236 220	124 087
Condoned or written off by Council	-	-
To be recovered - contingent asset (see note 40)	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>907 800</u>	<u>671 580</u>
Incident	Disciplinary steps/criminal proceedings	
<i>Interest on late payment and penalties for exceeding prescribed usage limits - Eskom</i>	None	
42.3 Irregular expenditure		
Reconciliation of irregular expenditure		
Opening balance	1 159 053	936 778
Irregular expenditure current year	2 072 192	222 275
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<u>3 231 245</u>	<u>1 159 053</u>
Incident	Disciplinary steps/criminal proceedings	
<i>Non-adherence to established procurement processes during the sourcing of quotations for the hiring of an armed response security company.</i>	None	

MBIZANA LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 30 June 2013

2013
R

2012
R

43 RELATED PARTY TRANSACTIONS

There are no related party transactions to report for the year ended 30 June 2013.

44 REPAIRS AND MAINTANCE

R&M - CBD ROAD MAINTENANCE	302 102	562 936
R&M - COMPUTERS	5 315	46 567
R&M - EQUIPMENT & VEHICLES	210 809	109 057
R&M - EQUIPMENT & VEHICLES	389 853	110 635
R&M - LAND AND BUILDINGS	401 003	422 636
R&M - LANDFILL SITE	180 200	97 800
R&M - ROADS	4 032 966	1 551 764
R&M - TOOLS & EQUIPMENT	5 045	306 228
R&M - TOOLS & EQUIPMENT	16 695	182 624
R&M - TOOLS & EQUIPMENT	28 270	72 833
R&M - TOOLS & EQUIPMENT	500	-
R&M EQUIPMENT AND VEHICLES	8 365	140 943
R&M EQUIPMENT AND VEHICLES	<u>5 580 924</u>	<u>3 958 108</u>

45 OPERATING LEASE ASSETS

Opening balance	1 757 114	1 735 129
Lease income received	(891 979)	(553 017)
Current year addition	<u>630 074</u>	<u>575 002</u>
Closing balance	<u>1 495 209</u>	<u>1 757 114</u>

46 INTEREST AND PENALTIES

Interest on late payment	148 120	-
Penalties	-	-
TOTAL	<u>148 120</u>	<u>-</u>

MBIZANA LOCAL MUNICIPALITY
 For the year ended 30 June 2013
 RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2013

DESCRIPTION	ORIGINAL BUDGET	BUDGET ADJUSTMENT	FINAL ADJUSTMENT BUDGET	SHIFTING OF FUNDS	VIREMENT	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VIRIENCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
	R		R	R	R	R	R	R	R	R
Multi year CAPITAL EXPENDITURE BY - VOTE										
Multi year Expenditure										
Council	-	-	-	-	-	-	-	-	-	-
Mayor	-	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-	-
Speaker	-	-	-	-	-	-	-	-	-	-
Budget and Treasury	2 321 000	(350 000)	1 971 000	-	-	1 396 107	-	574 893	71%	60%
Corporate Services	5 100 000	(4 700 000)	400 000	-	-	177 053	-	222 947	44%	3%
Development and planning	1 221 341	(712 198)	509 143	-	-	48 544 892	-	(48 035 749)	9535%	3975%
Community development	5 700 000	(2 000 000)	3 700 000	-	-	236 433	-	3 463 567	6%	4%
Refuse removal and cemetery	51 554 121	(3 007 386)	48 546 735	-	-	28 646 356	-	19 900 379	59%	58%
Infrastructure and Planning	33 250 000	5 500 000	38 750 000	-	-	33 305 507	-	5 444 493	86%	100%
Electricity										
Total Capital Expenditure - Multi year	99 146 462	(5 269 584)	93 876 878	-	-	112 306 348	-	(18 429 470)	120%	113%
Total Capital Expenditure - Vote	99 146 462	(5 269 584)	93 876 878	-	-	112 306 348	-	(18 429 470)	120%	113%
CAPITAL EXPENDITURE - STANDARD										
Governance and Administration:										
Council	-	-	-	-	-	-	-	-	-	-
Mayor	-	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-	-
Speaker	-	-	-	-	-	-	-	-	-	-
Budget and Treasury	2 321 000	(350 000)	1 971 000	-	-	1 396 107	-	574 893	71%	60%
Corporate Services										
Community and Public safety:										
Community Development	1 221 341	(712 198)	509 143	-	-	48 544 892	-	(48 035 749)	9535%	3975%
Economic and Environmental Services:										
Development and planning	5 100 000	(4 700 000)	400 000	-	-	177 053	-	222 947	44%	3%
Infrastructure and Planning	51 554 121	(3 007 386)	48 546 735	-	-	28 646 356	-	19 900 379	59%	56%
Trading Services:										
Refuse removal and cemetery	5 700 000	(2 000 000)	3 700 000	-	-	236 433	-	3 463 567	6%	4%
Electricity	33 250 000	5 500 000	38 750 000	-	-	33 305 507	-	5 444 493	86%	100%
TOTAL CAPITAL EXPENDITURE - STANDARD	99 146 462	(5 269 584)	93 876 878	-	-	112 306 348	-	(18 429 470)	120%	113%
FUNDED BY:										
National Government	99 146 462	(5 269 584)	93 876 878	-	-	112 306 348	-	(18 429 470)	120%	113%
Transfers Recognised - Capital	99 146 462	(5 269 584)	93 876 878	-	-	112 306 348	-	(18 429 470)	120%	113%
Total Capital Funding	99 146 462	(5 269 584)	93 876 878	-	-	112 306 348	-	(18 429 470)	120%	113%

MBIZANA LOCAL MUNICIPALITY
 For the year ended 30 June 2013
 RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2013

DESCRIPTION	ORIGINAL BUDGET	BUDGET ADJUSTMENT	FINAL ADJUSTMENT BUDGET	SHIFTING OF FUNDS	VIREMENT	FINAL BUDGET	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET	RESTATED AUDITED OUTCOME
	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE BY SOURCES												
Governance and Administration:												
Council	(17 522 704)	(470 000)	(17 992 704)	-	-	(17 992 704)	-	-	17 992 704	0%	0%	
Mayor	(1 350 000)	(120 000)	(1 470 000)	-	-	(1 470 000)	-	-	1 470 000	0%	0%	
Municipal Manager	(12 771 093)	(10 000)	(12 781 093)	-	-	(12 781 093)	(200 000)	-	12 581 093	2%	2%	
Speaker	(3 860 000)	400 000	(3 460 000)	-	-	(3 460 000)	-	-	3 460 000	0%	0%	
Budget and Treasury	(18 046 115)	(798 764)	(18 844 879)	-	-	(18 844 879)	(112 070 645)	-	(93 225 766)	595%	621%	
Corporate Services	(20 184 878)	-	(20 184 878)	-	-	(20 184 878)	(276 316)	-	19 908 563	1%	1%	
Community and Public safety:												
Community Development	(14 330 961)	88 912	(14 242 049)	-	-	(14 242 049)	(1 913 567)	-	12 328 462	13%	13%	
Economic and Environmental Services:												
Development and planning	6 025 754	(13 238 286)	(7 212 532)	-	-	(7 212 532)	(659 231)	-	6 553 301	9%	-11%	
Infrastructure and Planning	(64 055 551)	(4 668 043)	(68 743 594)	-	-	(68 743 594)	(31 870 229)	-	36 873 365	48%	50%	
Trading Services:												
Refuse removal and cemetery	(14 912 244)	1 050 000	(13 862 244)	-	-	(13 862 244)	(1 734 645)	-	12 127 589	13%	12%	
Electricity	(58 121 492)	(880 997)	(59 002 489)	-	-	(59 002 489)	(43 256 163)	-	15 746 326	73%	74%	
	(219 129 285)	(18 667 178)	(237 796 463)	-	-	(237 796 463)	(191 980 816)	-	45 815 647	81%	68%	
EXPENDITURE												
Governance and Administration:												
Council	17 641 880	1 720 823	19 362 703	-	-	19 362 703	18 512 681	-	(850 022)	96%	105%	
Mayor	1 350 000	120 000	1 470 000	-	-	1 470 000	1 220 574	-	(249 426)	83%	90%	
Municipal Manager	12 771 093	3 100 000	15 871 093	-	-	15 871 093	13 722 225	-	(2 148 868)	86%	107%	
Speaker	3 860 000	(470 000)	3 390 000	-	-	3 390 000	3 386 783	-	(3 218)	100%	88%	
Budget and Treasury	14 224 183	3 680 978	17 905 161	-	-	17 905 161	43 881 951	-	25 956 790	245%	308%	
Corporate Services	20 184 880	(48 000)	20 136 880	-	-	20 136 880	14 607 320	-	(5 529 560)	73%	72%	
Community and Public safety:												
Community Development	14 330 960	481 088	14 812 048	-	-	14 812 048	9 824 444	-	(4 987 604)	66%	69%	
Economic and Environmental Services:												
Development and planning	10 525 754	(3 558 222)	6 967 532	-	-	6 967 532	4 206 096	-	(2 761 436)	60%	40%	
Infrastructure and Planning	67 550 037	(1 039 110)	66 510 927	-	-	66 510 927	12 905 051	-	(53 605 876)	19%	19%	
Trading Services:												
Refuse removal and cemetery	14 474 073	(1 606 829)	12 867 244	-	-	12 867 244	6 121 634,97	-	(6 745 609)	48%	42%	
Electricity	54 660 751	9 152 493	63 813 244	-	-	63 813 244	47 463 711,47	-	(16 349 527)	74%	87%	
	231 573 611	11 533 221	243 106 832	-	-	243 106 832	175 832 476	-	(67 274 356)	72%	76%	
	12 444 326	(7 133 957)	5 310 369	-	-	5 310 369	(16 148 340)	-	(21 458 703)	-304%	-130%	

MBIZANA LOCAL MUNICIPALITY
For the year ended 30 June 2013
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2013

DESCRIPTION	ORIGINAL BUDGET	BUDGET ADJUSTMENT	FINAL ADJUSTMENT BUDGET	SHIFTING OF FUNDS	VIREMENT	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET	RESTATED AUDITED OUTCOME
	R		R	R	R	R	R	R	R	R	R
REVENUE BY VOTE											
Council	(17 522 704)	(470 000)	(17 992 704)	-	-	-	-	17 992 704	0%	0%	-
Mayor	(1 350 000)	(120 000)	(1 470 000)	-	-	-	-	1 470 000	0%	0%	-
Municipal Manager	(12 771 093)	(10 000)	(12 781 093)	-	-	(200 000)	-	12 581 093	2%	2%	-
Speaker	(3 860 000)	400 000	(3 460 000)	-	-	-	-	3 460 000	0%	0%	-
Budget and Treasury	(18 046 115)	(798 764)	(18 844 879)	-	-	(112 070 645)	-	(93 225 766)	595%	621%	-
Corporate Services	(20 184 879)	-	(20 184 879)	-	-	(276 316)	-	19 908 563	1%	1%	-
Development and planning	6 025 754	(13 238 286)	(7 212 532)	-	-	(659 231)	-	6 553 301	9%	-11%	-
Community development	(14 330 961)	88 912	(14 242 049)	-	-	(1 913 587)	-	12 328 462	13%	13%	-
Refuse removal and cemetery	(14 912 244)	1 050 000	(13 862 244)	-	-	(1 734 645)	-	12 127 599	13%	12%	-
Infrastructure and Planning	(64 055 551)	(4 688 043)	(68 743 594)	-	-	(31 870 229)	-	36 873 365	46%	50%	-
Electricity	(58 121 492)	(880 997)	(59 002 489)	-	-	(43 256 163)	-	15 746 326	73%	74%	-
Total Revenue by vote	(219 129 285)	(18 667 178)	(237 796 463)	-	-	(191 980 816)	-	45 815 647	81%	88%	-
EXPENDITURE by vote											
Council	17 641 880	1 720 823	19 362 703	-	-	18 512 681	-	(850 022)	96%	105%	-
Mayor	1 350 000	120 000	1 470 000	-	-	1 220 574	-	(249 426)	83%	90%	-
Municipal Manager	12 771 093	3 100 000	15 871 093	-	-	13 722 225	-	(2 148 868)	107%	107%	-
Speaker	3 860 000	(470 000)	3 390 000	-	-	3 386 783	-	(3 218)	100%	88%	-
Budget and Treasury	14 224 183	3 690 978	17 915 161	-	-	43 861 951	-	25 966 790	245%	308%	-
Corporate Services	20 184 880	(48 000)	20 136 880	-	-	14 607 320	-	(5 529 560)	73%	72%	-
Development and planning	10 525 754	(3 558 222)	6 967 532	-	-	4 206 096	-	(2 761 436)	60%	40%	-
Community development	14 330 960	481 088	14 812 048	-	-	9 824 444	-	(4 987 604)	66%	69%	-
Refuse removal and cemetery	14 474 073	(1 606 829)	12 867 244	-	-	6 121 635	-	(6 745 609)	48%	42%	-
Infrastructure and Planning	67 550 037	(1 039 110)	66 510 927	-	-	12 905 051	-	(53 605 876)	19%	19%	-
Electricity	54 660 751	9 152 493	63 813 244	-	-	47 463 717	-	(16 349 527)	74%	87%	-
Total Expenditure by vote	231 573 611	11 533 221	243 106 832	-	-	175 832 476	-	(67 274 356)	72%	76%	-
Surplus/(Deficit)	12 444 326	(7 133 957)	5 310 369	-	-	(16 148 340)	-	(21 458 709)	-304%	-130%	-

MBIZANA LOCAL MUNICIPALITY
For the year ended 30 June 2013
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

DESCRIPTION	COST/REVALUATION				ACCUMULATED DEPRECIATION/IMPAIRMENT				BUDGET ADDITIONS	
	OPENING BALANCE	ADDITIONS	WORK-IN-PROGRESS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS		CLOSING BALANCE
Land and buildings	R									
Land Developed	30 674 616				30 674 616					
Land Underdeveloped	1 796 900				1 796 900					
Buildings	9 845 233		2 594 205		12 439 438	632 998	422 270		1 055 268	11 384 170
	42 316 749		2 594 205		44 910 954	632 998	422 270		1 055 268	43 855 687
Infrastructure										
Roads	237 559 192	23 707 795	7 179 828		268 445 815	98 637 726	24 034 811		122 672 537	145 773 278
Solid waste disposal	35 050				35 050	1 753			1 753	33 298
Electricity	7 857 038				7 857 038	548 474	150 880		729 354	7 127 684
	245 450 280	23 707 795	7 179 828		276 337 903	99 187 953	24 215 690		123 403 643	152 934 260
Community Assets										
	45 393 964	1 190 843	245 401		46 830 207	4 620 306	1 933 242		6 053 548	40 276 660
Other Assets										
	92 401				92 401	896	11 044		11 939	80 462
Furniture and Fittings										
	5 930 381	499 966			6 430 347	2 222 477	1 116 989		3 338 476	3 092 471
Motor Vehicles										
	5 694 048	845 603			6 539 650	1 249 642	806 560		2 056 203	4 483 447
Plant and Machinery										
	4 269 389				4 269 389	90 572	517 001		607 573	3 661 816
TOTAL	349 147 812	26 244 207	10 019 434		385 411 452	108 004 844	29 021 603		137 026 650	248 384 803

MBIZANA LOCAL MUNICIPALITY
For the year ended 30 June 2013
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

DESCRIPTION	COST/REVALUATION				ACCUMULATED DEPRECIATION/IMPAIRMENT				BUDGET ADDITIONS	
	OPENING BALANCE	ADDITIONS	REVALUATION	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADJUSTED VALUE AS AT	DISPOSALS		CLOSING BALANCE
Investment Properties	R									
Investment Properties	8 001 000		(2 456 708)		5 544 292					5 544 292
TOTAL	8 001 000		(2 456 708)		5 544 292					5 544 292

MBIZANA LOCAL MUNICIPALITY
For the year ended 30 June 2013
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

DESCRIPTION	COST/REVALUATION				ACCUMULATED DEPRECIATION/IMPAIRMENT				BUDGET ADDITIONS	
	OPENING BALANCE	ADDITIONS	REVALUATION	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADJUSTED VALUE AS AT	DISPOSALS		CLOSING BALANCE
Intangible Assets	R									
Computer software	462 111				462 111	462 111			462 111	
TOTAL	462 111				462 111	462 111			462 111	

MBIZANA LOCAL MUNICIPALITY
For the year ended 30 June 2013
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2013

APPENDIX C

DESCRIPTION	COST / REVALUATION			ACCUMULATED DEPRECIATION / IMPAIRMENT			CARRYING VALUE R		
	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	CLOSING BALANCE R	OPENING BALANCE R	ADDITIONS R		DISPOSALS R	CLOSING BALANCE R
Council	-	-	-	150 000	12 433.00	21 314.00	-	33 747	116 253
Mayor	150 000	-	-	1 055 646	373 072.80	188 019.00	-	561 092	494 554
Municipal Manager	1 055 646	-	-	383 180	22 808	54 740	-	77 548	305 632
Speaker	383 180	-	-	41 595 673	475 531.49	158 960.00	-	634 491	40 961 182
Budget and Treasury	41 095 707	499 967	-	14 506 479	2 261 555.00	956 923.00	-	3 218 478	11 288 001
Corporate Services	13 660 875.99	845 603	-	270 847	56 454.47	20 849.00	-	77 303	193 544
Development and planning	270 847.42	776 943	-	40 330 776	5 571 077.00	1 205 009.81	-	6 776 087	33 554 689
Community development	39 553 833.00	-	-	282 672 637	100 740 009.00	24 373 954.00	-	125 113 963	157 558 674
Infrastructure and Planning	255 152 123.00	27 520 514.00	-	6 052 380	496 637	252 837	-	759 474	5 292 906
Electricity	6 052 380	-	-	-	-	-	-	-	-
TOTAL	357 374 591	29 643 026	-	387 017 617	110 009 578	27 242 606	-	137 252 184	249 765 433

APPENDIX D
MBIZANA LOCAL MUNICIPALITY
For the year ended 30 June 2013
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012 ACTUAL REVENUE	2012 ACTUAL EXPENDITURE	2012 SURPLUS / DEFICIT	DESCRIPTION	2013 ACTUAL REVENUE	2013 ACTUAL EXPENDITURE	2013 SURPLUS / DEFICIT
-	15 795 535	R 15 795 535	Council	-	18 512 681	R 18 512 681
-	925 588	925 588	Mayor	-	1 220 574	1 220 574
(11 325 169)	2 009 470	(9 315 699)	Municipal Manager	(200 000)	13 722 225	13 522 225
(3 456 815)	615 526	(2 841 290)	Speaker	-	3 386 783	3 386 783
(99 111 508)	49 383 948	(49 727 560)	Budget and Treasury	(120 900 129)	43 861 951	(77 038 178)
(277 161)	30 219 828	29 942 668	Corporate Services	(276 316)	14 607 320	14 331 004
(304 537)	2 706 917	2 402 380	Development and planning	(659 231)	4 206 096	3 546 865
(1 888 261)	9 434 777	7 546 516	Community development	(1 907 436)	9 824 444	7 917 008
(879 496)	6 820 841	5 941 345	Refuse removal and cemetery	(1 734 645)	6 121 635	4 386 990
(31 381 998)	7 930 341	(23 451 657)	Infrastructure and Planning	(31 849 875)	12 905 051	(18 944 824)
(23 796 953)	15 024 230	(8 772 723)	Electricity	(47 840 799)	47 463 717	(377 082)
(172 421 897)	125 071 465	(31 554 897)	TOTAL	(205 368 431)	175 832 476	(29 535 956)

ARIZONA LOCAL MUNICIPALITY
For the year ended 30 June 2013

APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, No. OF 2003

NAME OF GRANT	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY		QUARTERLY RECEIPTS				QUARTERLY EXPENDITURE				GRANTS AND SUBSIDIES DELAYED/WITHHOLD				REASON FOR DELAY/ WITHHOLDING OF FUNDS	COMPLIANCE TO REVENUE ACT (*) see 123(2)	REASON FOR NON COMPLIANCE	
	SEPT	DEC	MAR	JUNE	SEPT	DEC	MAR	JUNE	SEPT	DEC	MAR	JUNE	SEPT	DEC				MAR
MIG Projects	15 130 000	14 872 000	5 716 000	-	4 959 524	14 100 538	12 482 395	252 000	-	-	-	-	-	-	-	-	YES	N/A
Municipal System Improvement Grant	800 000	-	-	-	86 874	215 782	90 074	-	-	-	-	-	-	-	-	-	YES	N/A
Financial Management Grant	1 500 000	-	-	-	209 524	209 524	150 881	106 742	-	-	-	-	-	-	-	-	YES	N/A
FDI GR & Communications	200 000	-	-	-	22 000	22 000	29 303	22 000	-	-	-	-	-	-	-	-	YES	N/A
LED Cabinet Budget Grant	30 000 000	-	-	-	4 954 700	13 828 487	9 320 856	-	-	-	-	-	-	-	-	-	YES	N/A
LED Cabinet Budget Allocation	30 000 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	YES	N/A
R&M IEC Preparations	-	-	-	-	535 800	-	308 042	-	-	-	-	-	-	-	-	-	YES	N/A
LED Projects	400 000	-	300 000	-	190 215	251 645	-	-	-	-	-	-	-	-	-	-	YES	N/A
EPWP Grant	400 000	-	300 000	-	190 215	251 645	-	-	-	-	-	-	-	-	-	-	YES	N/A
Equitable Share	46 851 000	31 562 000	28 110 000	-	-	-	-	-	-	-	-	-	-	5 975 000	-	-	YES	N/A
TOTAL GRANTS AND SUBSIDIES RECEIVED	94 538 950	46 374 000	34 126 000	-	10 759 213	28 621 105	27 381 897	382 742	-	-	-	-	-	5 975 000	-	-	-	-

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

Members of the Executive Council	PERIOD	BASIC SALARIES	BONUS	ALLOWANCES	CONTRIBUTIONS TO FUND	TOTAL REMMUNERATION
Mayor						
M.M.Twabu	2012/2013	246 925 72	-	200 512 32	143 795 32	591 233 36
Executive Committee						
D.D.Mnisi	2012/2013	285 212 48	-	170 679 72	132 598 02	586 490 22
E.F.Malekana	2012/2013	248 135 48	-	159 678 72	134 845 44	542 659 64
F.Siramza	2012/2013	308 979 90	-	183 330 96	143 832 72	636 143 58
L.Makholosa	2012/2013	248 135 48	-	159 678 72	134 845 44	542 659 64
N.Bongwana	2012/2013	248 135 48	-	159 678 72	134 845 44	542 659 64
N.Msokana	2012/2013	248 135 48	-	159 678 72	134 845 44	542 659 64
S.Majini	2012/2013	248 135 48	-	159 678 72	134 845 44	542 659 64
W.A.Hlangabezo	2012/2013	248 135 48	-	159 678 72	134 845 44	542 659 64
		2 083 005 26	-	1 312 083 00	1 085 503 36	4 480 591 64
Ordinary councillors						
A.R.Ngubo	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Bongwana	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
Al.Guqaza	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
R.T.Nkomo	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
A.Maquthu	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
B.A.Jabubane	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
B.Matshoba	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
F.Mbuyelwa	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
F.P.Mjoli	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
H.M.Mpukwana	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
H.M.Nonqane	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
I.M.Sabuka	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
J.M.Dimane	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
K.Ndzinyi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
L.Nojila	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
L.A.Njomi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
L.G.Mcambalala	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
L.T.Somadlangathi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
M.J.Ndezi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
M.Xesibe	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Hlebo	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Kwelemthini	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Madikizela	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Madikizela	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Mafuya	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Mbadanyana	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Mbewu	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Sibutha	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Sikibi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.Slala	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.B.Mieki	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.E.Cengimbo	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.H.Magqabi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.N.Mhlelembana	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
R.T.Nkomo	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
S.Faku	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
S.Godi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
S.M.Thukwana	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
T.Faku	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
T.Maphasa	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
T.H.Kango	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
V.T.Mbele	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
W.M.Diya	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
Z.Mhlwazi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
Z.Nohiya	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
Z.P.Ndebele	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
Z.W.Mqokotwana	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
N.S.Ngonini	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
P.N.Mfingwana	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
P.Booi	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
P.V.Ndovela	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
R.N.Madikizela	2012/2013	91 010 38	-	75 614 64	53 923 44	220 548 46
		4 732 539 78	-	3 931 961 28	2 804 018 88	11 468 519 92
TOTAL COUNCILLORS REMMUNERATION		7 062 470 74	-	5 444 556 60	4 033 317 58	16 540 344 92