Setsoto Local Municipality
Financial statements
for the ended 30 June 2013
Auditor-General of South Africa (AGSA)

General Information

Legal form of entity	A Municipality which is an organ of state within the local sphere of government exercising legislative and executive authority.
Nature of business and principal activities	A Local Authority providing municipal services and maintaining the best interest of the community in the Setsoto Municipal area.
Mayor	Jakobo, Tshediso
Executive Committee	Koalane, Komane
	Lithebe, Moeletsi (Deceased 1/8/2012)
	Mthimkhulu, Motena
	Mahlangu, Matseliso
	Makhalanyane, Tieho (Appointed 8/11/2012)
	Makae, Thabang
	Strydom, Evert
Councillors	Mohlomi, Molefi - Speaker
	Mothibeli, Moselantja
	Mohapi, Dieketseng
	Mokhuoane, Krog
	Motsei, Matlakala
	Selasi, Motsamai
	Modire, Lehlaku (Resign 31/01/2013)
	Mabeleng, WT (Appointed 24/03/2013)
	Nakasi, Mojabeng
	Bath, Henry
	Thamae, Motsamai
	Hlakane, M
	Mohala, Vunga
	Kere, Lefa
	Mavaleliso, Pakalitha
	Semahla, Mookho
	Maphisa, Mapuleng
	Muso, Tshepiso
	Tsolo, Thabiso
	Malebo, Matsiliso
	Fuso, Sabata
	Raboroko, Mantwa
	Mohase, Teboho
	Selai, Lithebe
	Lubbe, Cornelias
	Du Toit, Benjamin
	Marwick, Clive (Dr)
	Bester, Catherine
Grading of local authority	06 - Medium Capacity
Accounting Officer	STR Ramakarane
Chief Finance Officer (CFO)	GT Banda
Registered office	27 Voortrekkers Street Ficksburg

General Information

	9730
Postal address	P O Box 116 Ficksburg 9730
Bankers	First National Bank (FNB)
Auditors	Auditor-General of South Africa (AGSA)
Attorneys	Ponoane Attorneys PO Box 1445, Bloemfontein, 9300
Telephone Number	(051) 933 9300
Fax Number	(051) 933 9343
E-mail Address	manager@setsoto.co.za

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The reports and statements set out below comprise the financial statements presented to the Auditor-General of South Africa (AGSA)::

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Abbreviations

COID	Compensation for Occupational Injuries and 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
HDF	Housing Development Fund
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)
PT	Provincial Treasury (Free State)
COGTA	Department of Co-operative Governance and Traditional Affairs
IFRS	International Financial Reporting Standards

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements and was given unrestricted access to all financial records and related data.

The 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 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 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 to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements are prepared on the basis that the municipality is a going concern and that the Setsoto Municipality has neither the intention nor the need to liquidate or curtail materially its scale.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The financial statements set out on pages 7 to 79, which have been prepared on the going concern basis (Please refer to Note 53), were approved by the accounting officer on 31 August 2013 :

STR Ramakarane
Accounting Officer

AUDITOR-GENERAL

Report of the Auditor General

To the Provincial Legislature of Setsoto Local Municipality

Report on the financial statements

This report will be inserted after the completion of the audit.

Auditor-General of South Africa (AGSA)
Registered Auditors

31 August 2013

Accounting Officer's Report

The accounting officer submits his report for the ended 30 June 2013.

1. Review of activities

Main business and operations

The municipality is engaged in a local authority providing municipal services and maintaining the best interest of the community in the Setsoto municipal area and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 114,997,360 (2012: deficit R 74,902,663).

2. Going concern

We draw attention to the fact that at 30 June 2013, the municipality had accumulated surplus of R 3,655,124,292 and that the municipality's total assets exceed its liabilities by R 3,655,124,292.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial that would impact on the financial results as disclosed in these financial statements.

4. Accounting Officer's interest in contracts

The Accounting Officer had no interest in any contracts.

5. Accounting policies

The financial statements prepared in accordance with the South African Standards of Generally Recognized Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Retirement benefit obligation

Management engaged in a process to carry out an IAS 19: Employee Benefits actuarial valuation of the employer liability as at 30 June 2013 (“the valuation date”) arising from the post-retirement healthcare subsidy (“PRHS”) payable to current and retired employees. As this is the first time a valuation has been performed for the employer, the comparative figures as at 30 June 2012 ("previous valuation date") have also been calculated. Refer to note 21 for detail about this valuations.

The valuation in line with the requirements of IAS 19 and have determined the items required for disclosure in terms of this standard.

7. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the were as follows:

The Annual Financial Statements of the Municipality this year reflects a significant increase in the value of non-current assets. This was brought about by the conclusion of a project embarked by the Municipality to compile a GRAP compliant Fixed Asset Register.

Accounting Officer's Report

8. Accounting Officer

The accounting officer of the municipality during the and to the date of this report is as follows:

Name	Nationality
STR Ramakarane	RSA

9. Auditors

Auditor-General of South Africa (AGSA) will continue in office for the next financial period.

Statement of Financial Position as at 30 June 2013

	Note(s)	2013 R	Restated 2012 R
Assets			
Current Assets			
Inventories	3	3,967,884	3,927,233
Trade and Other Receivables from Exchange Transactions	5	49,428,958	66,508,233
Other Receivables from non-exchange transactions	6	14,498,270	5,446,434
VAT receivable	7	40,153,824	41,163,561
Current portion of Receivables	8	3,573	3,573
Cash and cash equivalents	9	18,308,766	6,791,110
		126,361,275	**123,840,144**
Non-Current Assets			
Investment property	10	80,476,976	85,975,177
Property, plant and equipment	11	3,570,457,426	3,687,219,218
Intangible assets	12	935,393	638,948
Heritage assets	13	12,022,599	12,436,625
Investments	4	2,206,611	1,956,694
Non Current Receivables	8	1,294	4,866
		3,666,100,299	**3,788,231,528**
Total Assets		**3,792,461,574**	**3,912,071,672**
Liabilities			
Current Liabilities			
Current Portion of Borrowings	14	419,800	369,369
Finance lease liability	15	703,212	1,729,946
Trade Payables and other payables from exchange transactions	16	49,311,064	51,116,770
VAT Payable	17	8,921,624	14,112,547
Consumer deposits	18	2,241,454	2,168,198
Current portion of Unspent conditional grants and receipts	19	6,087,658	16,925,218
Provisions	20	719,000	493,643
Bank overdraft	9	1,421,411	-
		69,825,223	**86,915,691**
Non-Current Liabilities			
Non-Current Portion of Borrowings	14	7,303,151	7,722,733
Finance lease liability	15	-	697,560
Provisions	20	9,635,102	8,936,753
Retirement benefit obligation	21	50,573,806	39,186,000
		67,512,059	**56,543,046**
Total Liabilities		**137,337,282**	**143,458,737**
Net Assets		**3,655,124,292**	**3,768,612,935**
Accumulated surplus		3,655,124,292	3,768,612,935

Statement of Financial Performance

	Note(s)	2013 R	Restated 2012 R
Revenue			
Revenue from exchange transactions			
Service charges	23	101,730,333	101,681,035
Rental of facilities and equipment		88,315	130,661
Licences and permits		7,849	11,826
Sale of land		27,033	20,041
Other income	25	4,767,987	1,636,937
Interest earned	26	30,795,024	29,645,357
Dividends received		28,114	-
Total revenue from exchange transactions		**137,444,655**	**133,125,857**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	33,194,514	28,459,664
Transfer revenue			
Government grants & subsidies	28	273,373,394	240,191,167
Fines		470,298	379,215
Total revenue from non-exchange transactions		**307,038,206**	**269,030,046**
Total revenue	29	**444,482,861**	**402,155,903**
Expenditure			
Employee related costs	30	128,148,255	96,729,010
Remuneration of councillors	31	11,081,717	8,019,574
Depreciation and amortisation	33	213,474,649	202,372,313
Finance costs	34	1,265,372	1,879,221
Debt impairment	35	70,597,892	57,536,195
Repairs and maintenance		31,608,436	15,262,740
Bulk purchases	36	48,436,867	44,284,271
Contracted services	37	-	726,892
Grants and subsidies paid	38	8,132,606	7,894,262
General Expenses	39	46,734,427	42,354,088
Total expenditure		**559,480,221**	**477,058,566**
Operating deficit		**(114,997,360)**	**(74,902,663)**
Deficit for the		**(114,997,360)**	**(74,902,663)**

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 July 2011	**2,254,983,127**	**2,254,983,127**
Changes in net assets		
Surplus/(deficit) for the year	(74,902,663)	(74,902,663)
Adjust Long Service awards in terms of valuation	(2,765,261)	(2,765,261)
Post retirement healthcare subsidy	(35,555,000)	(35,555,000)
Correct Fines of previous year	7,450	7,450
Revaluation of assets	1,626,845,282	1,626,845,282
Total changes	1,513,629,808	1,513,629,808
Balance at 01 July 2012	**3,768,612,933**	**3,768,612,933**
Changes in net assets		
Surplus/(deficit) for the year	(114,997,360)	(114,997,360)
Correct Hall deposits	24,837	24,837
Correction in terms of previous years	1,483,882	1,483,882
Total changes	(113,488,641)	(113,488,641)
Balance at 30 June 2013	**3,655,124,292**	**3,655,124,292**

Cash Flow Statement

	Note(s)	2013 R	Restated 2012 R
Cash flows from operating activities			
Receipts			
Property Rates		34,701,881	21,950,954
Sale of goods and services		60,266,589	97,987,468
Grants		274,163,494	240,191,168
Interest income		2,311,523	2,365,950
Dividends received		28,114	-
Other receipts		5,361,482	2,186,130
		376,833,083	364,681,670
Payments			
Employee costs		(139,229,973)	(104,748,584)
Suppliers		(132,804,624)	(194,454,254)
Finance costs		(1,265,372)	(1,879,221)
		(273,299,969)	(301,082,059)
Net cash flows from operating activities	40	**103,533,114**	**63,599,611**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(90,588,353)	(72,026,273)
Purchase of other intangible assets	12	(508,727)	(95,653)
Proceeds from sale of financial assets		(249,917)	(824,980)
Purchase of non current receivables		-	3,573
Proceeds from sale of non current receivables		3,572	-
Net cash flows from investing activities		**(91,343,425)**	**(72,943,333)**
Cash flows from financing activities			
Repayment of current portion of borrowings		(369,151)	(3,325,158)
Finance lease payments		(1,724,294)	(4,265,631)
Net cash flows from financing activities		**(2,093,445)**	**(7,590,789)**
Net increase/(decrease) in cash and cash equivalents		**10,096,244**	**-**
Cash and cash equivalents at the beginning of the year		6,791,110	23,725,622
Effect of exchange rate movement on cash balances		-	(16,934,511)
Cash and cash equivalents at the end of the year	9	**16,887,354**	**6,791,111**

Setsoto Local Municipality

(Registration number Municipal demarcation code FS191)
Financial Statements for the ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	104,241,072	(2,129,574)	**102,111,498**	101,730,333	**(381,165)**	
Rental of facilities and equipment	647,864	27,418	**675,282**	88,315	**(586,967)**	
Licences and permits	3,000	9,000	**12,000**	7,849	**(4,151)**	
Other income 1	1,852,414	-	**1,852,414**	27,033	**(1,825,381)**	
Other income - (rollup)	2,711,138	(740,401)	**1,970,737**	4,767,987	**2,797,250**	
Interest received - investment	16,292,307	16,600,955	**32,893,262**	30,795,024	**(2,098,238)**	
Dividends received	-	28,114	**28,114**	28,114	**-**	
Total revenue from exchange transactions	**125,747,795**	**13,795,512**	**139,543,307**	**137,444,655**	**(2,098,652)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	24,336,857	8,124,978	**32,461,835**	33,194,514	**732,679**	
Government grants & subsidies	172,658,000	2,492,144	**175,150,144**	273,373,394	**98,223,250**	
Transfer revenue						
Fines	225,000	19,700	**244,700**	470,298	**225,598**	
Total revenue from non-exchange transactions	**197,219,857**	**10,636,822**	**207,856,679**	**307,038,206**	**99,181,527**	
Total revenue	**322,967,652**	**24,432,334**	**347,399,986**	**444,482,861**	**97,082,875**	
Expenditure						
Personnel	(92,774,382)	(14,529,929)	**(107,304,311)**	(128,148,255)	**(20,843,944)**	
Remuneration of councillors	(11,962,576)	(1,187,564)	**(13,150,140)**	(11,081,717)	**2,068,423**	
Administration	1	-	**1**	-	**(1)**	
Depreciation and amortisation	(23,726,212)	(94,488,848)	**(118,215,060)**	(213,474,649)	**(95,259,589)**	
Finance costs	(3,467,542)	(60,348)	**(3,527,890)**	(1,265,372)	**2,262,518**	
Debt impairment	(54,196,701)	(17,488,929)	**(71,685,630)**	(70,597,892)	**1,087,738**	
Repairs and maintenance	(12,110,317)	(7,856,570)	**(19,966,887)**	(31,608,436)	**(11,641,549)**	
Bulk purchases	(49,770,513)	(229,487)	**(50,000,000)**	(48,436,867)	**1,563,133**	
Grants and subsidies paid	(26,616,902)	(27,602)	**(26,644,504)**	(8,132,606)	**18,511,898**	
General Expenses	(48,339,126)	(138,691,895)	**(187,031,021)**	(46,734,427)	**140,296,594**	
Total expenditure	**(322,964,270)**	**(274,561,172)**	**(597,525,442)**	**(559,480,221)**	**38,045,221**	
Deficit before taxation	**3,382**	**(250,128,838)**	**(250,125,456)**	**(114,997,360)**	**135,128,096**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**3,382**	**(250,128,838)**	**(250,125,456)**	**(114,997,360)**	**135,128,096**	
Reconcilation						

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	-	-	3,967,884	**3,967,884**	
Other Receivables from non-exchange transactions	-	-	-	14,498,270	**14,498,270**	
VAT receivable	-	-	-	40,153,824	**40,153,824**	
Consumer debtors	-	-	-	49,428,958	**49,428,958**	
Current portion of Receivables	-	-	-	3,573	**3,573**	
Cash and cash equivalents	-	-	-	18,308,766	**18,308,766**	
	-	**-**	**-**	**126,361,275**	**126,361,275**	
Non-Current Assets						
Investment property	-	-	-	80,476,976	**80,476,976**	
Property, plant and equipment	-	3,170,169	**3,170,169**	3,570,457,426	**3,567,287,257**	
Intangible assets	-	225,000	**225,000**	935,393	**710,393**	
Heritage assets	-	-	-	12,022,599	**12,022,599**	
Investments	-	-	-	2,206,611	**2,206,611**	
Non Current Receivables	-	-	-	1,294	**1,294**	
	-	**3,395,169**	**3,395,169**	**3,666,100,299**	**3,662,705,130**	
Total Assets	**-**	**3,395,169**	**3,395,169**	**3,792,461,574**	**3,789,066,405**	
Liabilities						
Current Liabilities						
Current Portion of Borrowings	-	-	-	419,800	**419,800**	
Finance lease liability	-	-	-	703,212	**703,212**	
Trade Payables and other payables from exchange transactions	-	-	-	49,311,064	**49,311,064**	
Taxes and transfers payable (non-exchange)	-	-	-	8,921,624	**8,921,624**	
Consumer deposits	-	-	-	2,241,454	**2,241,454**	
Current portion of Unspent conditional grants and receipts	-	-	-	6,087,658	**6,087,658**	
Provisions	-	-	-	719,000	**719,000**	
Bank overdraft	-	-	-	1,421,411	**1,421,411**	
	-	**-**	**-**	**69,825,223**	**69,825,223**	
Non-Current Liabilities						
Current Portion of Borrowings	-	-	-	7,303,151	**7,303,151**	
Retirement benefit obligation	-	-	-	50,573,806	**50,573,806**	
Provisions	-	-	-	9,635,102	**9,635,102**	
	-	**-**	**-**	**67,512,059**	**67,512,059**	
Total Liabilities	**-**	**-**	**-**	**137,337,282**	**137,337,282**	
Net Assets	**-**	**3,395,169**	**3,395,169**	**3,655,124,292**	**3,651,729,123**	

Setsoto Local Municipality

(Registration number Municipal demarcation code FS191)
Financial Statements for the ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	3,382	(114,259,564)	**(114,256,182)**	3,655,124,292	**3,769,380,474**	

Accounting Policies

1. Presentation of Financial Statements

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

These 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 which is the municipality's functional currency.

A summary of the significant accounting policies, which have been consistently applied, are explained in the relevant policies below. These accounting policies are consistent with the previous period, unless explicitly stated.

1.1 Significant judgements and sources of estimation uncertainty

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

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

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

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

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

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 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 goodwill and 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. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at reporting date, and are discounted to the present value where the time value effect is material. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives and residual values

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment as well as the intangible assets. The municipality re-assess the useful lives and the residual value on an annual basis, considering the conditional and use of the individual assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 21.

Effective interest rate

The municipality uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

Appropriate adjustments have been made to compensate for the effect of deferred settlement terms that material impact on the fair value of the financial instruments, revenue and expenses at initial recognition. The adjustments require a degree of estimation around the discount rate and periods used.

Allowance for doubtful debts

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

GRAP 24: Presentation of budget information

The municipality is required to present a comparison of the budget amounts for which it is held publicly accountable and actual. The comparison of budget and actual amounts present separately for each level of legislative oversight:

- the approved and final budget amounts;

- the actual amounts on a comparable basis.

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 of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

1.2 Investment property (continued)

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

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Investment Property - land	indefinite
Investment Property - buildings	5 - 30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

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

1.3 Property, plant and equipment (continued)

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

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

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

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

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

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

Property, plant and equipment are depreciated on the straight line basis 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.

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

Item	**Average useful life**
Land	
• Land	Infinite
Buildings	
• Buildings	30 years
Infrastructure assets	
• Electricity	20 - 30 years
• Roads	10 - 30 years
• Water	15 - 20 years
Community assets	
• Buildings	30 years
• Recreational facilities	20 years
• Security measures	3 - 5 years
Other assets	
• Office equipment	3 - 7 years
• Furniture and fittings	7 - 10 years
• Motor vehicles	5 - 7 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.

Accounting Policies

1.3 Property, plant and equipment (continued)

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

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.

1.4 Intangible assets

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.

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

Intangible assets are initially recognised at cost.

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

Accounting Policies

1.4 Intangible assets (continued)

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

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

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

Item	**Useful life**
Computer software, other	3 - 5 years

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.5 Heritage assets

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

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality’s operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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

Recoverable amount is the higher of a cash-generating asset’s net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset’s remaining service potential.

1.5 Heritage assets (continued)

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

If a heritage asset’s carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

1.6 Financial instruments (continued)

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

1.6 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

1.6 Financial instruments (continued)

Classification

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

Class	Category
Loan1	Financial asset measured at amortised cost
Loan2	Financial asset measured at amortised cost
Loan3	Financial asset measured at amortised cost
Other receivables1	Financial asset measured at amortised cost
Other receivables2	Financial asset measured at amortised cost
Other financial asset1	Financial asset measured at fair value
Other financial asset2	Financial asset measured at fair value

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

Class	Category
Loan1	Financial liability measured at amortised cost
Loan2	Financial liability measured at amortised cost
Loan3	Financial liability measured at amortised cost
Other receivables1	Financial liability measured at amortised cost
Other receivables2	Financial liability measured at amortised cost
Other financial liability1	Financial liability measured at fair value
Other financial liability2	Financial liability measured at fair value

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

Class	Category
Residual interest1	Measured at fair value
Residual interest2	Measured at cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

Fair value measurement considerations

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

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

Accounting Policies

1.6 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

1.6 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

1.6 Financial instruments (continued)

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

Presentation

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

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

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

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

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

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

1.7 Leases

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

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

Finance leases - lessee

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

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

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

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

1.7 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

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

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

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

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 or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 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).

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

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:

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.11 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.

1.11 Provisions and contingencies (continued)

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 surplus.

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

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 55.

1.12 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.

When uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

1.12 Revenue from exchange transactions (continued)

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.

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.

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

1.13 Revenue from non-exchange transactions

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

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

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

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

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

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

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

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

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

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

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

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

Recognition

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

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

Measurement

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

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

Assessment Rates

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- there has been compliance with the relevant legal requirements.
- Changes to property values during a reporting period, which are referred to as “interims”, are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Transfers

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

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

1.13 Revenue from non-exchange transactions (continued)

Fines

Revenue from the issuing of fines is recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- the amount of the revenue can be measured reliably.
- There are two types of fines: spot fines and summonses. Municipalities will usually issue both types of fines. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable.
- In respect of summonses the public prosecutor can decide whether to waive the made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses should be recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Gifts and donations, including goods in-kind

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

1.14 Borrowing costs

The capitalisation of borrowing costs commences when all the following conditions have been met:
- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

1.15 Comparative figures

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

1.16 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 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.

1.17 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 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 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA 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):

1.18 Irregular expenditure (continued)

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.

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.

1.19 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise 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 financial statements are disclosed in the relevant sections of the 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.

1.20 Offsetting

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

1.21 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.22 Revaluation reserve

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

Accounting Policies

1.23 Investments

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

1.24 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.

Government grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by entities in rendering services. Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed on their use.

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

An entity needs to assess the degree of certainty attached to the flow of future economic benefits of service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants should only be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue should only be recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. For example, equitable share grants per the Division of Revenue Act where the period of use of such funds is stated, should be recognised on a time proportion basis, i.e. over the stated period. Where there is no restriction on the period, such revenue should be recognised on receipt or when the Act becomes effective, which-ever is earlier.

In certain circumstances government will only remit grants on a re-imbursement basis. Revenue should therefore be recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with and not when the grant is received.

Other Grants and Donations

Donations shall be measured at the fair value of the consideration received or receivable when the amount of the revenue can be measured reliably.

Other grants and donations shall be recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

1.25 Related parties

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

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

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

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

1.26 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.27 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

1.28 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

(a) the period of time over which an asset is expected to be used by the 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 non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

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

Identification

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

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

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

Value in use

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.29 Presentation of currency

These financial statements are presented in South African Rand rounded to the nearest rand.

1.30 Budget information

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

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

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

The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013.

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

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

Accounting Policies

1.30 Budget information (continued)

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.31 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

Notes to the Financial Statements

	2013 R	2012 R

Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 103: Heritage Assets	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 21: Impairment of non-cash-generating assets	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 26: Impairment of cash-generating assets	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 104: Financial Instruments	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25: Employee benefits	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 6: Consolidated and Separate Financial Statements	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Financial Statements

2. New standards and interpretations (continued)

• GRAP 7: Investments in Associates	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 8: Interests in Joint Ventures	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 7: Investments in Associates	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 12 (as revised 2012): Inventories	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 13 (as revised 2012): Leases	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 16 (as revised 2012): Investment Property	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 31: Intangible Assets (Replaces GRAP 102)	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Financial Statements

2. New standards and interpretations (continued)

• IGRAP16: Intangible assets website costs	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published, but they still don't have effective dates:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• GRAP 105: Transfers of functions between entities under common control	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 106: Transfers of functions between entities not under common control	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 107: Mergers	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• GRAP 20: Related parties	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• IGRAP 11: Consolidation – Special purpose entities	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Financial Statements

	2013 R	2012 R

3. Inventories

Consumable Stores	847,906	58,532
Maintenance materials	-	1,174,348
Tarr and cement	253,615	-
Water	555,363	383,353
Unsold Properties Held for Resale	2,311,000	2,311,000
	3,967,884	**3,927,233**

4. Investments

Designated at fair value		
Listed shares	652,242	572,429
Sanlam Shares		
Unlisted shares	624,980	495,421
OVK / EFC Shares		
	1,277,222	**1,067,850**

Non-current assets		
Designated at fair value	1,277,222	1,067,850
At amortised cost	929,389	888,844
	2,206,611	**1,956,694**

5. Trade and Other Receivables from Exchange Transactions

Gross balances		
Electricity	32,212,751	35,541,914
Water	53,590,611	89,889,453
Sewerage	37,558,435	68,040,480
Refuse	51,196,157	94,694,215
Other	13,986,165	23,770,615
	188,544,119	**311,936,677**

Less: Allowance for impairment		
Electricity	(22,587,718)	(19,467,933)
Water	(41,677,066)	(74,270,417)
Sewerage	(30,934,079)	(55,690,882)
Refuse	(40,735,854)	(75,932,222)
Other	(3,180,444)	(20,066,990)
	(139,115,161)	**(245,428,444)**

Net balance		
Electricity	9,625,033	16,073,981
Water	11,913,545	15,619,036
Sewerage	6,624,356	12,349,598
Refuse	10,460,303	18,761,993
Other	10,805,721	3,703,625
	49,428,958	**66,508,233**

Notes to the Financial Statements

	2013 R	2012 R

5. Trade and Other Receivables from Exchange Transactions (continued)

Electricity		
Current (0 -30 days)	7,161,734	14,934,883
31 - 60 days	1,297,330	4,012,949
61 - 90 days	1,796,198	2,235,166
91 - 120 days	1,307,297	917,490
121 - 365 days	20,650,192	13,441,426
Provision for bad debts	(22,587,718)	(19,467,933)
	9,625,033	**16,073,981**
Water		
Current (0 -30 days)	4,789,400	4,684,033
31 - 60 days	618,632	2,112,513
61 - 90 days	669,460	2,269,148
91 - 120 days	678,840	2,240,666
121 - 365 days	46,834,279	78,583,093
Provision for bad debts	(41,677,066)	(74,270,417)
	11,913,545	**15,619,036**
Sewerage		
Current (0 -30 days)	374,767	1,530,661
31 - 60 days	399,958	1,448,071
61 - 90 days	416,061	1,433,475
91 - 120 days	395,846	1,512,329
121 - 365 days	35,972,484	62,115,944
Provision for bad debts	(30,934,760)	(55,690,882)
	6,624,356	**12,349,598**
Refuse		
Current (0 -30 days)	474,200	1,967,618
31 - 60 days	464,972	1,815,527
61 - 90 days	484,768	1,864,262
91 - 120 days	457,848	1,960,621
121 - 365 days	49,314,369	87,086,187
Provision for bad debts	(40,735,854)	(75,932,222)
	10,460,303	**18,761,993**
Other (specify)		
Current (0 -30 days)	68,409	248,323
31 - 60 days	80,583	255,449
61 - 90 days	87,442	236,971
91 - 120 days	50,040	243,552
121 - 365 days	13,699,691	22,786,320
Provision for bad debts	(3,180,444)	(20,066,990)
	10,805,721	**3,703,625**

Notes to the Financial Statements

	2013 R	2012 R

5. Trade and Other Receivables from Exchange Transactions (continued)

Summary of debtors by customer classification

	2013 R	2012 R
Consumers		
Current (0 -30 days)	4,436,472	26,578,876
31 - 60 days	2,652,370	6,952,798
61 - 90 days	3,130,682	8,005,186
91 - 120 days	2,591,940	6,800,492
121 - 365 days	151,277,174	263,144,190
	164,088,638	**311,481,542**

	2013 R	2012 R
Industrial/ commercial		
Current (0 -30 days)	291,603	1,078,834
31 - 60 days	171,397	3,127,823
61 - 90 days	185,196	446,686
91 - 120 days	175,339	511,986
121 - 365 days	3,877,185	5,790,616
	4,700,720	**10,955,945**

	2013 R	2012 R
National and provincial government		
Current (0 -30 days)	74,904	1,821,855
31 - 60 days	37,358	1,906,177
61 - 90 days	137,703	1,375,659
91 - 120 days	122,358	604,996
121 - 365 days	(2,444,960)	5,857,507
	(2,072,637)	**11,566,194**

	2013 R	2012 R
Total		
Current (0 -30 days)	12,868,510	23,365,518
31 - 60 days	2,861,474	9,644,509
61 - 90 days	3,453,929	8,039,022
91 - 120 days	2,889,872	6,874,658
121 - 365 days	166,471,014	264,012,970
	188,544,799	311,936,677
Less: Allowance for impairment	(139,115,841)	(245,428,443)
	49,428,958	**66,508,234**

	2013 R	2012 R
Reconciliation of allowance for impairment		
Balance at beginning of the year	(245,428,444)	(220,975,637)
Contributions to allowance	(74,091,196)	(48,682,995)
Debt impairment written off against allowance	180,404,479	19,106,140
Correction of impairment between services	-	5,124,048
	(139,115,161)	**(245,428,444)**

Consumer debtors pledged as security

No consumer debtors were pledged as security for overdraft facilities.

Notes to the Financial Statements

	2013 R	2012 R

6. Other Receivables from non-exchange transactions

Sundry Debtors	3,123,311	2,385,567
Prepayments (Eskom and Fuel Deposits)	1,140,374	1,000,839
	4,263,685	**3,386,406**

Consumer receivables from non-exchange transactions

Rates	23,167,051	27,054,861
Less: Provision for debt impairment	(12,932,466)	(24,994,833)
	10,234,585	**2,060,028**

Rates - Ageing

Current (0 -30 days)	1,411,142	2,583,090
31 - 60 days	993,704	2,342,290
61 - 90 days	947,094	1,788,509
91 - 120 days	949,331	1,042,816
121 - 365 days	18,865,780	19,298,156
Provision for bad debts	(12,932,466)	(24,994,833)
	10,234,585	**2,060,028**

Reconciliation of debt impairment provision

Balance at beginning of the year	(24,994,833)	(9,095,839)
Contributions to provision	3,493,304	(10,774,946)
Correction of impairment between services	-	(5,124,048)
Debt impairment written off against provision	8,569,063	-
	(12,932,466)	**(24,994,833)**

7. VAT receivable

VAT Receivable	40,153,824	41,163,561

The Municipality is registerd on the payment basis, therefore VAT is paid over to the South African Revenue Services (SARS) only once payment is received from debtors.

8. Non Current Receivables

Prior to the implementation of the MFMA, Council grant a long term loan to Ficksburg Squash Club for the building of a club house and squash courts. This loans is repayable to council on agreed terms and conditions.

Non Current Receivables

Current portion from Receivables	3,573	3,573
Non-current portion from Receivables	1,294	4,866
	4,867	**8,439**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9,607	8,988
Bank balances	-	2,254,287
Short-term deposits	18,299,159	4,527,835
Bank overdraft	(1,421,411)	-
	16,887,355	**6,791,110**

Notes to the Financial Statements

	2013 R	2012 R

9. Cash and cash equivalents (continued)

Current assets	18,308,766	6,791,110
Current liabilities	(1,421,411)	-
	16,887,355	**6,791,110**

Cash and cash equivalents pledged as collateral

The Municipality has a overdraft facility of R3,000,000.00. There is a pledge amount of R3,000,000.00 against the investment account with account number 62049046205 to secure this overdraft facility..

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
FNB BANK - Current Account - 620 480 92647	733,772	941,019	4,053,603	(1,421,411)	2,254,288	(31,241,798)
FNB BANK - Business Money Market -621 517 83563	197,375	190,747	56,171	197,375	190,747	56,171
FNB BANK - Savings Account - 620 490 46205	11,265,705	801,209	4,051,716	11,265,705	801,209	4,051,716
FNB BANK - Call Account -631 054 0465	6,836,079	3,535,879	9,947,862	6,836,079	3,535,879	9,947,862
Total	**19,032,931**	**5,468,854**	**18,109,352**	**16,877,748**	**6,782,123**	**(17,186,049)**

10. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	95,187,545	(14,710,569)	80,476,976	95,187,545	(9,212,368)	85,975,177

Reconciliation of investment property - 2013

	Opening balance	Impairments	Total
Investment property	85,975,177	(5,498,201)	80,476,976

Reconciliation of investment property - 2012

	Opening balance	Impairments	Total
Investment property	87,817,650	(1,842,473)	85,975,177

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.

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

Notes to the Financial Statements

	2013 R	2012 R

11. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	48,107,989	-	48,107,989	48,107,989	-	48,107,989
Infrastructure	4,301,807,750	(1,098,418,522)	3,203,389,228	4,213,907,121	(908,532,115)	3,305,375,006
Community	365,423,750	(66,331,034)	299,092,716	365,423,750	(54,053,917)	311,369,833
Other property, plant and equipment	39,717,653	(22,926,905)	16,790,748	39,356,346	(17,870,239)	21,486,107
Landfill Site	3,248,754	(172,009)	3,076,745	922,342	(42,059)	880,283
Total	**4,758,305,896**	**(1,187,848,470)**	**3,570,457,426**	**4,667,717,548**	**(980,498,330)**	**3,687,219,218**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Work in progress	Depreciation	Total
Land	48,107,989	-	-	-	48,107,989
Infrastructure	3,305,375,006	68,020,582	19,880,047	(189,886,407)	3,203,389,228
Community	311,369,833	-	-	(12,277,117)	299,092,716
Other property, plant and equipment	21,486,107	361,307	-	(5,056,666)	16,790,748
Landfill Site	880,283	2,326,412	-	(129,950)	3,076,745
	3,687,219,218	**70,708,301**	**19,880,047**	**(207,350,140)**	**3,570,457,426**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Work in Progress	Depreciation	Total
Land	48,107,989	-	-	-	48,107,989
Infrastructure	3,426,473,965	15,687,624	47,489,234	(184,275,817)	3,305,375,006
Community	316,630,996	5,819,249	-	(11,080,412)	311,369,833
Other property, plant and equipment	23,987,605	2,107,824	-	(4,609,322)	21,486,107
Landfill Site	-	922,342	-	(42,059)	880,283
	3,815,200,555	**24,537,039**	**47,489,234**	**(200,007,610)**	**3,687,219,218**

Pledged as security

No Property, Plant and Equipment was pledged as security.

Assets subject to finance lease (Net carrying amount)

With the physical verification process that was done to correct the infrastructure asset register and the movable asset register during the current financial year, new classifications was used and therefor certain figures changed from the prior year to the current year. There were also assets that were omitted from last year's asset register and these were subsequently added, also resulting in a chage of prior period figures. Refer to note 54.

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.

12. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,332,774	(397,381)	935,393	824,047	(185,099)	638,948

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software, other	638,948	508,727	(212,282)	935,393

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, other	651,501	95,653	(108,206)	638,948

Pledged as security

No intangible assets are pledged as security:

Details of valuation

The effective date of the revaluations was 30 June 2010.

The valuation was based on open market value for existing use.

These assumptions were based on current market conditions at the date of recalculation.

13. Heritage assets

	2013			2012		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	15,854,892	(3,832,293)	12,022,599	15,854,892	(3,418,267)	12,436,625

Reconciliation of heritage assets 2013

	Opening balance	Depreciation	Total
Historical buildings	12,436,625	(414,026)	12,022,599

Reconciliation of heritage assets 2012

	Opening balance	Depreciation	Total
Historical buildings	12,850,651	(414,026)	12,436,625

Notes to the Financial Statements

	2013 R	2012 R

14. Borrowings

At amortised cost		
Financial liabilities	7,722,951	8,092,102

Refer to Appendix A for futher details on the borrowings.

Non-current liabilities		
At amortised cost	7,303,151	7,722,733
Current liabilities		
At amortised cost	419,800	369,369

15. Finance lease liability

Minimum lease payments due		
- within one year	740,901	1,878,996
- in second to fifth year inclusive	-	744,149
	740,901	2,623,145
less: Future finance charges	(37,689)	(463,865)
Present value of minimum lease payments	**703,212**	**2,159,280**
Present value of minimum lease payments due		
- within one year	703,212	1,729,946
- in second to fifth year inclusive	-	429,334
	703,212	**2,159,280**
Non-current liabilities	-	697,560
Current liabilities	703,212	1,729,946
	703,212	**2,427,506**

It is municipality policy to lease certain vehicles, computers, faxes, equipment and photo copy machines under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 11% (2012: 11.08-%).

16. Trade Payables and other payables from exchange transactions

Trade payables	18,063,134	23,214,801
Payments received in advanced	13,517,228	6,744,651
Staff leave accrual	9,583,884	5,128,491
Bonus	2,782,888	2,091,547
Deposits received	2,000	2,000
Other payables	5,341,965	5,024,317
Salary Control	19,965	1,110,963
National Treasury - Repayment of MIG grants used for operations	-	7,800,000
	49,311,064	**51,116,770**

17. VAT payable

VAT payable	8,921,624	14,112,547

Notes to the Financial Statements

	2013 R	2012 R

18. Consumer deposits

Electricity	2,235,454	2,142,164
Other	6,000	26,034
	2,241,454	**2,168,198**

Guarantees held in lieu of electricity and other deposits

19. Current portion of Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Mig Grant	6,087,659	16,925,218

Movement during the

Balance at the beginning of the	16,925,218	28,062,561
Received during the year	76,379,000	62,963,000
Income recognition during the	(87,216,559)	(74,100,343)
	6,087,659	**16,925,218**

The Council concluded with the National Treasury to repay an amount of R 11 million of unspent conditional grants (MIG) to the National Revenue Fund which will be payable within a period of twelve months. During the current financial year the final outstanding amount of R7,800 000.00 was deducted from the Equitable Share in respect of the abovementioned agreement.

	2013 R	2012 R

20. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	3,074,928	(128,962)	-	2,945,966
Long service bonus short term portion)	493,643	(603,974)	829,331	719,000
Long service bonus (long term portion)	5,861,825	1,882,000	(1,054,689)	6,689,136
	9,430,396	**1,149,064**	**(225,358)**	**10,354,102**

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Environmental rehabilitation	2,412,070	739,566	(76,708)	-	3,074,928
Long service bonus short term portion)	896,175	-	(402,532)	-	493,643
Long service bonus (long term portion)	1,545,564	1,551,000	-	2,765,261	5,861,825
	4,853,809	**2,290,566**	**(479,240)**	**2,765,261**	**9,430,396**

	2013	2012
Non-current liabilities	9,635,102	8,936,753
Current liabilities	719,000	493,643
	10,354,102	**9,430,396**

Notes to the Financial Statements

	2013 R	2012 R

20. Provisions (continued)

1. Long Service Bonus

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality may become entitled to in future. An IAS 19 valuation was done by management for the 2012/2013 financial year and membership data used can be summariesed as follow:

	2013	2012
Number of current employees	733	608

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

Carrying value

	2013	2012
Present value long service awards liability - wholly unfunded	(6,355,000)	(5,207,000)
Service Cost	(719,000)	(590,000)
Interest Cost	(462,000)	(449,000)
Actuarial Benefits paid	829,000	403,000
Actuarial gains/(losses)	(701,000)	512,000
	-----------------	----------------
As at 30 June	(7,408,000)	(6,355,000)

Key assumptions used

Assumptions used at the reporting date:
:

	2013	2012
Gross Discount rates used	7.70 %	7.30 %
Salary inflation	8.10 %	7.50 %

Discount rate

IAS 19 requires that the discount rate used in the valuation be determined by reference to market yields on high quality corporate bonds as at the balance sheet date. In countries where there is no deep market in corporate bonds, government bonds should be used.

In line with IAS 19 and current market practice, government bond yields are used as the South African corporate bond market is not considered to be sufficiently developed. Furthermore, it is the actuaries view that South Africa does not have a deep and liquid market in corporate bonds, and therefore government bonds are used when setting our best-estimate discount rate assumption.

The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

The estimated discount rate was set equal to the yield on the BEASSA zero-coupon yield curve with a term of 7 years, the expected duration of the liability based on the current membership data, as at 30 June 2013.

Salary inflation

In the past, salary inflation has typically exceeded the Consumer Price Index (“CPI”) by a margin of around 2%.

The CPI inflation assumption used in the 2011 and 2012 valuations was set as the difference between the R186 and R197 bonds, adjusted by an inflation risk premium of 0.35%. However, the Bond Exchange of South Africa recently fitted a real yield curve on index-linked bonds. This real yield curve is published together with the BEASSA yield curve on zero-coupon government bond yields, which is a nominal yield curve.

The inflation assumption methodology has been updated to reflect the use of the real and nominal yield curves to determine the inflation assumption as this provides more accurate information on the outlook on inflation at specific durations.

	2013	2012
	R	R

20. Provisions (continued)

Therefore, the best estimate inflation assumption is calculated as the difference between the nominal and real yield curves at the point corresponding to the weighted duration of the LSA and PRHS liabilities of 16 years, including a 0.5% inflation risk premium adjustment to make appropriate allowance for the current economic environment. A margin of 2% was added to this value to determine the healthcare cost inflation assumption.

The CPI inflation assumption using this methodology is 6.10% as at 30 June 2013. Thus, the salary inflation has been set as 8.10% at the valuation date, after allowing for a margin of 2% over CPI inflation.

Net discount rate

The relationship between the gross discount rate and salary inflation rates are more important than their individual values. The net discount rate is also a highly significant assumption in the respective valuations.

The future long service awards are projected in line with the salary inflation rate and discounted at the gross discount rate. This is equivalent to discounting the benefits at their current level at the net discount rate.

The net discount rate therefore depends on the relationship between the gross discount rate and the salary inflation rate respectively. Using the gross discount and salary inflation rates as shown above, the resulting net discount rate is -0.37% (calculated as (1 + discount rate)/(1 + salary inflation rate) – 1) for the 30 June 2013 valuation.

Due to current market conditions and the low yields on inflation-linked government bonds at short durations, the net discount rate as at 30 June 2013 is negative. IAS 19 requires that assumptions be set based on market conditions as at the reporting date and we are therefore comfortable that the economic assumptions meet IAS 19 requirements. Should the negative net discount rate be restricted to zero, the defined benefit obligation would decrease by approximately R223,000.

2. Enviromental Rehabilitation (Landfill Sites)

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002), it is required from the municipality to execute the environmental management program to restore the landfill sites at Ficksburg, Clocolan, Marquard and Senekal. Provision has been made for this cost based on actual cost calculations received from Consulting Engineers. The value of the provision is based on the expected future cost to rehabilitate the various sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

The following assumptions were used to calculate the provision:

- Total area expected to be rehabilitated: 78 000 square metres;
- Average rate per square metre: R121 escalating every year by 10%;
- Total area to be rehabilitated can be reconciled to the different sites as follows:

Ficksburg	41 750
Senekal	30 250
Marquard	3 000
Clocolan	3 000

Each of the landfil sites have a different lifespan for rehabilitation ranging from 5 years to 10 years and are best estimates provided for by the respective Manager waste management, parks and properties.

Ficksburg	4 Years
Senekal	9 Years
Marquard	4 Years
Clocolan	4 Years

	2013	2012
	R	R

21. Employee benefit obligations

Defined benefit plan

The defined benefit plan, to which employees belong consists of the Free State Municipal Pension Fund, Free State Municipal Provident Fund, South African Local Authorities Pension Fund, South African Local Authorities Provident Fund, National Fund for Municipal Workers, Municipal Employees Pension Fund, South African Municipal Workers Union Provident Fund and the Municipal Councillors Pension Fund, governed by the Pension Fund Act of 1956.

The actuarial valuation determined that the retirement plan was in a sound financial position.

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Post retirement medical aid plan

	2013 R	2012 R

21. Employee benefit obligations (continued)

The Post Retirement Medical Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	483	396
Continuation members (e.g: Retirees, widows, orphans)	35	34
Total Members	**518**	**430**

The Municipality’s current active employees and pensioners have the choice of participating in the following medical schemes:
- LA Health Medical Scheme;
- Bonitas Medical Scheme;
- Hosmed Medical Scheme;
- Samwumed Medical Scheme; and
- KeyHealth Medical Scheme

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

Carrying value

Present value of the defined benefit obligation - wholly unfunded -	(39,186,000)	(35,555,000)
Service Cost	(2,028,000)	(1,868,000)
Interest Cost	(3,707,000)	(3,385,000)
Actuarial Benefits paid	960,000	868,000
Actuarial gains/(losses)	(6,612,000)	754,000
	-----------------	----------------
As at 30 June	(50,573,806)	(39,186,000)

Key assumptions used

Assumptions used at the reporting date:
:

Discount rates used	9.10 %	9.15 %
Healthcare cost inflation	7.50 %	8.10 %
Net discount rate	1.49 %	0.97 %

Discount rate

IAS 19 requires that the discount rate used in the valuation be determined by reference to market yields on high quality corporate bonds as at the balance sheet date. In countries where there is no deep market in corporatebonds, government bonds should be used.

In line with IAS 19 and current market practice, government bond yields are used as the South African corporate bond market is not considered to be sufficiently developed. Furthermore, it isactuaries view that South Africa does not have a deep and liquid market in corporate bonds, and therefore government bonds are used when setting our best-estimate discount rate assumption.

The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

The estimated discount rate was set equal to the yield on the BEASSA zero-coupon yield curve with a term of 18 years, the expected duration of the liability based on the current membership data, as at 30 June 2013. IAS 19 valuation of the Setsoto Municipality post-retirement healthcare subsidy as at 30 June 2013.

Healthcare cost inflation

In the past, healthcare cost inflation has typically exceeded the Consumer Price Index (“CPI”) by a margin of 1% to 2%.

	2013 R	2012 R

21. Employee benefit obligations (continued)
The CPI inflation assumption used in the previous valuations was set as the difference between the R186 and R197 bonds, adjusted by an inflation risk premium of 0.35%. However, the Bond Exchange of South Africa recently fitted a real yield curve on index-linked bonds. This real yield curve is published together with the BEASSA yield curve on zero-coupon government bond yields, which is a nominal yield curve.

The inflation assumption methodology has been updated to reflect the use of the real and nominal yield curvesto determine the inflation assumption as this provides more accurate information on the outlook on inflation at specific durations. Therefore, the best estimate inflation assumption is calculated as the difference between the nominal and real yield curves at the point corresponding to the duration of the liability, including a 0.5% inflation risk premium adjustment to make appropriate allowance for the current economic environment. A margin of 2% was added to this value to determine the healthcare cost inflation assumption.

The CPI inflation assumption using this methodology is 6.10% as at 30 June 2013. Thus, the healthcare cost inflation has been set as 8.10% at the valuation date, after allowing for a margin of 2% over CPI inflation.

Net discount rate

The relationship between the gross discount rate and healthcare cost inflation rates are more important than their individual values. The net discount rate is also a highly significant assumption in the respective valuations.

The future medical benefits are projected in line with the healthcare cost inflation rate and discounted at the gross discount rate. This is equivalent to discounting the benefits at their current level at the net discount rate.

The net discount rate therefore depends on the relationship between the gross discount rate and the healthcare cost inflation rate respectively. Using the gross discount and healthcare cost inflation rates as shown above, the resulting net discount rate is 0.97% (calculated as (1 + discount rate)/(1 + healthcare cost inflation rate) – 1) for the 30 June 2013 valuation.

Calculation of actuarial gains and losses

Actuarial (gains) losses – Plan assets	(6,212,000)	754,000

22. Retirement Benefit Information

The municipality provides retirement benefits for its employees and councillors. Benefits are provided via defined contribution plans and defined benefit plans as listed below.

Defined contribution plans

The following are defined contribution plans:

- Free State Municipal Provident Fund
- South African Local Authorities Provident Fund
- National Fund for Municipal Workers
- Municipal Employees Pension Fund
- South African Municipal Workers Union Provident Fund
- Municipal Councillors Pension Fund.

The following are defined benefit plans

- Free State Municipal Pension Fund
- South African Local Authorities Pension Fund

Notes to the Financial Statements

	2013 R	2012 R

22. Retirement Benefit Information (continued)

These are not treated as a defined benefit plan as defined by IAS 19, but as a defined contribution plan. These funds are multi employer plans and actuarial valuations done by actuaries could not be provided due to lack of information. According to the actuaries, it is not possible to report each municipality separately, thus it has been classified as a contribution plan. This is in line with the exemption in IAS 19, paragraph 30, which states that where information required for a defined benefit plan is not available in respect of multi employer and state plans, these should be accounted for as defined contribution plans.

Some employees belong to the SALA Pension Fund. The latest actuarial valuation of the funds was on 1 July 2010. These valuations indicate that the funds are in sound financial position. The estimated liabilities of the fund is R 7 418 million (2009: R 6 568 million) which is adequately financed by assets of R 7 110 million (2009: R 6 304 million).
The actuarial valuations states that the fund is currently 96% funded by employer contributions. If the current employer contribution rate is maintained the fund is expected to be close to 100% funded at the next statutory valuation.

A few employees belong to the Free State Municipal Pension Fund. The latest actuarial valuations of the fund was on 30 June 2005. These valuations indicate that the fund is in a sound financial position. The estimated liabilities of the fund is R1 308 million which is adequately financed by assets of R 1 531 million.

23. Service charges

	2013 R	2012 R
Sale of electricity	53,457,490	45,331,417
Sale of water	20,536,078	27,262,336
Sewerage and sanitation charges	12,623,030	13,412,147
Refuse removal	14,921,965	15,387,900
Other service charges	191,770	287,235
	101,730,333	**101,681,035**

24. Rental of facilities and equipment

	2013 R	2012 R
Rental of facilities	88,316	130,661

25. Other income

	2013 R	2012 R
Other income	3,336,736	488,459
Skills Development Claims	699,919	529,583
Commission: Escom	267,798	183,424
Cementery Fees	238,656	243,654
Commission	224,878	191,817
	4,767,987	**1,636,937**

26. Interest and Dividends received - investment

	2013 R	2012 R
Dividend revenue		
Unlisted financial assets - Local	28,114	-
Interest revenue		
Interest earned on cash and bank	2,311,523	2,364,951
Interest charged on trade and other receivables	28,483,501	27,280,406
	30,795,024	**29,645,357**
	30,823,138	**29,645,357**

Notes to the Financial Statements

	2013 R	2012 R

27. Property rates

Rates received

Residential	15,063,709	12,124,119
State	18,189,912	16,353,868
Less: Income forgone	(59,107)	(18,323)
	33,194,514	**28,459,664**

Valuations

Residential	1,698,984,551	1,698,984,551
Commercial	309,011,254	309,011,254
State	185,228,500	185,228,500
Municipal	72,100,200	72,100,200
Small holdings and farms	1,101,498,000	1,101,498,000
Churches	33,848,000	33,848,000
	3,400,670,505	**3,400,670,505**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.1 (2012: R0.1) is applied to property valuations to determine assessment rates. Rebates of 94% (2012: 95%) are granted to residential, commercial and small holdings and farm property owners.

Rates are levied on an annual basis with equal payments over twelve months. Interest at prime plus 1% per annum is levied on outstanding rates.

The new general valuation will be implemented on 1 July 2014.

Notes to the Financial Statements

	2013 R	2012 R

28. Government grants and subsidies

Operating grants		
Equitable share	165,468,000	147,874,999
DBSA Grant	-	2,064,454
EPWP Grant	1,090,000	2,316,000
Municipal systems improvement grant (MSIG)	800,000	790,000
Financial Management Grant (FMG)	1,500,000	1,450,000
Police, Roads and Transport Grant	-	3,075,980
Department of Water Affairs Grant	13,857,635	7,869,391
COGTA Grant	3,441,200	650,000
	186,156,835	166,090,824
Capital grants		
MIG Grant	87,216,559	74,100,343
	87,216,559	74,100,343
	273,373,394	**240,191,167**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Equitable Share

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

All registered indigents receive a monthly subsidy of R 263 (2012: R 214), which is funded from the grant.

MIG Grant

Balance unspent at beginning of	16,925,218	28,062,561
Current-year receipts	76,379,000	62,963,000
Conditions met - transferred to revenue	(87,216,559)	(74,100,343)
	6,087,659	**16,925,218**

Conditions still to be met - remain liabilities (see note 19).

In terms of the MFMA Circular No.48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects. The entity reports at year-end all unspent conditional grants were committed to identifiable projects.

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grants was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

DBSA Grant

Current-year receipts	-	2,064,454
Conditions met - transferred to revenue	-	(2,064,454)
	-	**-**

This grant was used to compile masterplans for Roads and Stormwater, Electricity Network, Water network and Sewer Network.

	2013 R	2012 R

28. Government grants and subsidies (continued)

EPWP Grant

Current-year receipts	1,090,000	2,316,000
Conditions met - transferred to revenue	(1,090,000)	(2,316,000)
	-	-

This grant is used in respect of job creation projects and programmes.

Municipal systems improvement grant (MSIG)

Current-year receipts	800,000	790,000
Conditions met - transferred to revenue	(800,000)	(790,000)
	-	-

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government and the Municipal Systems Act.

Financial Management Grant (FMG)

Current-year receipts	1,500,000	1,450,000
Conditions met - transferred to revenue	(1,500,000)	(1,450,000)
	-	-

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Police, Roads and Transport Grant

Current-year receipts	-	3,075,980
Conditions met - transferred to revenue	-	(3,075,980)
	-	-

Intervention from Province during the unrest period in Setsoto Local Municipality.

Department of Water Affairs Grant

Current-year receipts	13,857,635	7,869,391
Conditions met - transferred to revenue	(13,857,635)	(7,869,391)
	-	-

This grant was used to adress water loss control and assisting with water shortages in Clocolan, Marquard and Senekal during drought period.

COGTA Grant

Current-year receipts	3,441,200	650,000
Conditions met - transferred to revenue	(2,941,200)	(650,000)
Conditions met - Contribution to Municipal Manager Salary	(500,000)	-
	-	-

Intervention from Province during the unrest period in Setsoto Local Municipality to buy vehicles.

Changes in level of government grants

Notes to the Financial Statements

	2013 R	2012 R

28. Government grants and subsidies (continued)

Based on the allocations set out in the Division of Revenue Act, (Act …of 20X2), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

29. Revenue

	2013 R	2012 R
Service charges	101,730,333	101,681,035
Rental of facilities and equipment	88,315	130,661
Licences and permits	7,849	11,826
Sale of land	27,033	20,041
Other income	4,767,987	1,636,937
Interest received - investment	30,795,024	29,645,357
Dividends received	28,114	-
Property rates	33,194,514	28,459,664
Government grants & subsidies	273,373,394	240,191,167
Fines	470,298	379,215
	444,482,861	**402,155,903**

	2013 R	2012 R
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	101,730,333	101,681,035
Rental of facilities and equipment	88,315	130,661
Licences and permits	7,849	11,826
Sale of land	27,033	20,041
Other income	4,767,987	1,636,937
Interest received - investment	30,795,024	29,645,357
Dividends received	28,114	-
	137,444,655	**133,125,857**

	2013 R	2012 R
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	33,194,514	28,459,664
Transfer revenue		
Government grants & subsidies	273,373,394	240,191,167
Fines	470,298	379,215
	307,038,206	**269,030,046**

	2013 R	2012 R

30. Employee related costs

Basic	72,349,225	55,907,318
Medical aid - company contributions	18,007,264	9,230,583
UIF	742,769	703,445
SDL	935,004	827,350
Leave pay provision charge	5,324,480	-
Other short term costs	523,599	-
Post-employment benefits - Pension - Defined contribution plan	11,241,907	9,741,568
Travel, motor car, accommodation, subsistence and other allowances	6,007,771	5,364,794
Overtime payments	5,039,104	3,980,294
Long-service awards	1,877,153	1,551,000
Acting allowances	640,812	-
Housing benefits and allowances	311,160	(1)
Holiday Bonus	4,838,110	4,150,733
Casual wages	28,369	5,064,626
Industrial Council Levies	47,228	-
Telephone Allowance	234,300	207,300
	128,148,255	**96,729,010**

Remuneration of Municipal Manager - Mr STR Ramakarane

Annual Remuneration	1,193,090	219,784
Contributions to UIF, Medical and Pension Funds	1,713	98,819
Travel, motor car, accommodation, subsistance and other allowances	271,156	78,172
Other	84,665	88,301
	1,550,624	**485,076**

Remuneration of Municipal Manager - Mr BJ Mtembu

Annual Remuneration	-	288,535
Contributions to UIF, Medical and Pension Funds	-	3,613
Travel, motor car, accommodation, subsistance and other allowances	-	78,562
	-	**370,710**

Remuneration of Chief Finance Officer - Mr GT Banda

Annual Remuneration	483,875	148,670
Contributions to UIF, Medical and Pension Funds	744	69,237
Travel, motor car, accommodation, subsistance and other allowances	2,990	50,400
Other	29,669	130,201
	517,278	**398,508**

Mr GT Banda was appointed on 1 December 2012.

Remuneration of Chief Finance Officer (Acting) - Mr N van Tonder

Travel, motor car, accommodation, subsistance and other allowances	113,568	210,124

Mr van Tonder was acting CFO until 30 November 2012.

Remuneration of Corporate Services Director - Mr T Masejane

Annual Remuneration	718,350	159,750
Contributions to UIF, Medical and Pension Funds	147,598	74,617

Notes to the Financial Statements

	2013 R	2012 R
30. Employee related costs (continued)		
Travel, motor car, accommodation, subsistance and other allowances	112,070	41,583
Other	15,711	113,926
	993,729	**389,876**

Remuneration of Corporate Services Director - Mr T Mokoena

Annual Remuneration	-	136,342
Contributions to UIF, Medical and Pension Funds	-	25,337
Travel, motor car, accommodation, subsistance and other allowances	-	18,000
	-	**179,679**

Remuneration of Corporate Services Director (Acting) - Mrs S Mihailescu

Annual Remuneration	-	405,048

Remuneration of Community and Economic Services Director - Mr M Nteli

Annual Remuneration	718,350	169,784
Contributions to UIF, Medical and Pension Funds	138,492	70,909
Travel, motor car, accommodation, subsistance and other allowances	114,785	54,136
Other	57,782	126,982
	1,029,409	**421,811**

Remuneration of Community and Economic Services Director - Mr L van der Merwe

Annual Remuneration	-	94,930
Contributions to UIF, Medical and Pension Funds	-	23,405
Travel, motor car, accommodation, subsistance and other allowances	-	18,000
	-	**136,335**

Remuneration of Technical Services Director (Acting) - Mrs TF Zondi

Travel, motor car, accommodation, subsistance and other allowances	55,793	-

Mrs TF Zondi was appointed as acting Director on 1 March 2013.

Remuneration of Technical Services Director - Mr LWR Mocheko

Annual Remuneration	207,375	-
Contributions to UIF, Medical and Pension Funds	6,917	-
	214,292	**-**

Mr LWR Mocheko was appointed on 1 December 2012 and resigned on 28 February 2013.

Upper limits

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

Notes to the Financial Statements

	2013 R	2012 R

31. Remuneration of councillors

Mayor	676,901	632,385
Speaker	542,055	508,356
Councillors	8,161,645	5,275,188
Executive Committee Members	1,701,116	1,603,645
	11,081,717	**8,019,574**

32. Administrative expenditure

The Mayor and Speaker are appointed on a full-time basis. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

33. Depreciation and amortisation

Property, plant and equipment	213,474,649	202,372,313

34. Finance costs

Bank	91,135	133,670
Current borrowings	1,174,237	1,745,551
	1,265,372	**1,879,221**

35. Debt impairment

Contributions to debt impairment provision	70,597,892	57,536,195

36. Bulk purchases

Electricity	48,436,867	44,284,271

37. Contracted services

Specialist Services	-	726,892

38. Grants and subsidies paid

Other subsidies		
Distutional help	8,132,606	7,894,262

Notes to the Financial Statements

	2013 R	2012 R

39. General expenses

Advertising	1,045,949	393,517
Analysis	147,582	86,095
Auditors remuneration	4,820,964	3,611,574
Bank charges	240,555	120,317
Billing charges	64,870	66,118
Casualty insurance	25,525	436,971
Chemicals	2,937,842	3,035,429
Cleaning	203,327	29,664
Computer expenses	281,612	174,027
Conferences and delegations	36,024	16,000
Consulting and professional fees	2,982,714	7,522,583
Consumables	65,458	16,902
Departmental consumption	263,114	1,574,890
Disaster management	2,527	67,856
Donations	7,516	-
Entertainment	290,842	358,179
Pauper funerals	45,713	-
Manuring and weed control	4,547	-
Fuel and oil	3,476,328	3,365,349
IDP establisment	139,144	296,571
Industrial Council Levies	-	30,576
Insurance	8,777,456	6,275,698
Lease rentals on operating lease	6,663,711	1,740,549
Levies paid	86	1,132
Llicense fees	1,472,414	967,236
Other expenses	867,768	222,393
Postage and courier	1,109,879	999,918
Printing and stationery	1,728,900	1,207,102
Protective clothing	430,860	43,154
Publicity	316,618	458,920
Security (Guarding of municipal property)	497,640	64,285
Skills development levy	674,421	612,995
Streetlight electricityt consumption	1,462,094	1,419,559
Subscriptions and membership fees	-	11,401
Telephone and fax	836,386	4,233,050
Tourism development	10,360	-
Town planning	-	44,622
Training	1,056,776	584,502
Travel and subsistance	2,059,136	1,936,874
Valuation costs	175,439	2,128
Ward committee expenses	997,997	3,543
Youth expenditure	514,333	322,409
	46,734,427	**42,354,088**

Notes to the Financial Statements

	2013 R	2012 R

40. Cash generated from operations

	2013 R	2012 R
Deficit	(114,997,360)	(74,902,663)
Adjustments for:		
Depreciation and amortisation	213,474,649	202,372,313
Debt impairment	70,597,892	57,536,195
Movements in retirement benefit assets and liabilities	11,387,806	39,186,000
Movements in provisions	923,706	4,576,587
Adjust VAT on provision for bad debts as per exception 66 from Auditor General	-	(25,754,221)
Other non-cash items	1,483,884	(87,911,740)
Write off reserves	-	(28,742,773)
LED contributions and subsidies written off	-	(1,284,602)
District contributions and subsidies written off	-	(18,602,805)
Government grants and subsidies written off	-	(233,236)
VAT on purchases of assets corrected	-	(9,198,422)
Correct fines for previous year	-	7,450
Correct Hall deposits	24,837	-
Changes in working capital:		
Inventories	(40,651)	(2,182,857)
Other receivables from non-exchange transactions	(9,051,836)	27,335,827
Consumer debtors	(53,518,617)	(6,885,891)
Trade Payables and other payables from exchange transactions	(1,805,706)	25,497,920
VAT	1,009,737	(23,432,189)
Taxes and transfers payable (non exchange)	(5,190,923)	(2,815,086)
Current portion of Unspent conditional grants and receipts	(10,837,560)	(11,137,343)
Consumer deposits	73,256	171,147
	103,533,114	**63,599,611**

41. Capital commitments

Commitments in respect of capital expenditure

	2013 R	2012 R
Approved and contracted for		
• Infrastructure	89,442,898	113,578,630
• Community	36,169,859	56,408,056
• Other financial assets	736,706	-
	126,349,463	**169,986,686**
Not yet contracted for and authorised by accounting officer		
• Infrustructure	13,561,372	-
• Community	16,786,966	-
	30,348,338	**-**
This expenditure will be financed from:		
Government grants	106,583,950	169,986,686

Notes to the Financial Statements

	2013 R	2012 R

42. Related parties

Related party transactions

Purchases from (sales to) related parties		
E R B Marketing (Website design and maintenance)	180,000	180,000
Cemomo Trading (Transportation of water)	879,541	-

The IT Specialist have close family relations with the management of ERB Marketing that maintains the web site of council.

The secretary of the Technical Director has close familiy relations with the director of Cemomo General Trading wich was appointed to transport water for the Municipality.

Key management and Councillors

No transactions took place between the entity and key management personnel or their close family members during the reporting period.

Details relating to remuneration are disclosed in note 30 for key management and note 31 for Councillors.

43. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of financial position		
Decrease in Current Portion of Unspent conditional grants and receipts (District grant)	-	(19,887,407)
Increase in Other receivables from non-exchange transactions	-	19,887,407

44. Unauthorised expenditure

Opening balance	172,646,810	22,679,492
Unauthorised expenditure - current year	154,181,494	149,967,318
Approval by Council or Condoned	(172,646,811)	-
	154,181,493	**172,646,810**

The amount of R20 847 is the unauthorised expenditure for the last quater of the financial year. This was aleary tabled before the Finance Commitee and will be submitted to Council for final approval on the next Council meeting

45. Fruitless and wasteful expenditure

Opening balance	15,619,006	15,408,353
Fruitless and wasteful expenditure - current year	-	210,653
Condoned or written off by Council	(15,619,006)	-
	-	**15,619,006**

46. Irregular expenditure

Opening balance	72,203,169	34,068,439
Add: Irregular Expenditure - current year	23,508,699	44,514,337
Less: Amounts condoned	(88,432,807)	(5,965,055)
Amounts recouped from Councilors	(189,188)	(414,552)
	7,089,873	**72,203,169**

Notes to the Financial Statements

	2013 R	2012 R

46. Irregular expenditure (continued)

Details of irregular expenditure – current year

		-

Details of irregular expenditure		
Intervention from Cogta/DWA during water crisis in Marquard and Ficksburg. Due to urgency only one quote received, thus the deviation from the SCM policy.	9,174,276	1,921,956
Expenditure item identified were the SCM process and procedures was not followed.	14,334,423	34,475,486
Intervention from Cogta/Premiers office during protest action in Ficksburg. Suctioning of sewer manholes to reduce sewer spillages. Due to urgency only one quote received, thus the deviation from the SCM policy.	-	3,939,255
Long-term lease not approved by Council i.t.o MFMA	-	2,624,205
Expenditure item identified were the SCM process and procedures was not followed : Mabalane Seobe Inc	-	1,553,435
	23,508,699	**44,514,337**

47. Auditors' remuneration

Fees	4,820,964	3,611,574

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	756,116	612,995
Amount paid - current year	(1,578,468)	(612,995)
	(822,352)	**-**

The amount of R822,352 is in respect of the 2013/2014 subscription and was paid in April 2013. Refer to note 6.

Reticulation losses

Estimated electricity losses suffered by the municipality for the year under review are as follows:

Estimated electricity losses included distribution to townships with unmetered electricity.

Estimated losses	16,856,545	20,853,869

Estimated water losses suffered by the municipality for the year under review is as follows:

Estimated water losses included distribution to townships with unmetered water.

Water		
Estimated reticulation water losses	10,753,491	13,106,733
To townships not metered	5,498,262	-
	16,251,753	**13,106,733**

Notes to the Financial Statements

	2013 R	2012 R

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

Audit fees

Current year subscription / fee	4,194,519	3,624,137
Amount paid - current year	(4,194,519)	(3,624,137)
	-	-

PAYE and UIF

Current year subscription / fee	11,306,871	10,927,445
Amount paid - current year	(11,306,871)	(10,927,445)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	26,183,209	23,563,297
Amount paid - current year	(26,183,209)	(23,563,297)
	-	-

VAT

VAT receivable	40,153,824	41,163,561

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the .

	2013 R	2012 R

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor MA Mahlangu	434	811	1,245
Councillor PI Mavaleliso	642	4,399	5,041
Councillor MP Thamae	1,059	7,364	8,423
Councillor M L Mthimkulu	365	2,004	2,369
Councillor M D Malebo	471	4,280	4,751
Councillor K S Mokhuoane	331	406	737
Councillor T J Tsolo	495	847	1,342
Councillor T M Muso	541	1,258	1,799
Councillor MC Nakasi	294	303	597
	4,632	**21,672**	**26,304**

30 June 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor M Mthimkhulu	520	5,991	6,511
Councillor M Thamae	695	6,753	7,448
Councillor S Mohala	604	3,837	4,441
Councillor P Mavaleliso	724	4,100	4,824
Councillor T Muso	421	265	686
Councillor M Mahlangu	541	744	1,285
Councillor S Fuso	1,008	19,600	20,608
Councillor M Raboroko	740	11,146	11,886
Councillor S Setai	658	4,953	5,611
	5,911	**57,389**	**63,300**

During the the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2013	Highest outstanding amount	Aging (in days)
Councillor MA Mahlangu	1,245	206
Councillor PI Mavaleliso	5,041	605
Councillor MP Thamae	8,422	1,513
Councillor M L Mthimkulu	2,369	2,531
Councillor M D Malebo	4,751	549
Councillor K S Mokhuoane	737	123
Councillor T J Tsolo	1,342	148
Councillor T M Muso	1,799	284
Councillor MC Nakasi	597	106
	26,303	**6,065**

30 June 2012	Highest outstanding amount	Aging (in days)
Councillor M Mthimhulu	6,511	1,116

Notes to the Financial Statements

	2013 R	2012 R

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

Councillor M Thamae	7,448	919
Councillor S Mohala	4,441	669
Councillor P Mavaleliso	4,825	600
Councillor T Muso	687	150
Councillor M Mahlangu	1,286	180
Councillor S Fuso	20,608	1,839
Councillor M Raboroko	11,886	1,461
Councillor S Setai	5,611	775
	63,303	**7,709**

49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

50. In-kind donations and assistance

The Municipality did not receive any in-kind donations and assistance during the financial year.

51. Events after the reporting date

There are no significant matters to report after reporting date.

52. Risk management

Financial risk management

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

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality’s operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

Notes to the Financial Statements

	2013 R	2012 R

52. Risk management (continued)

Credit risk

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

With the exception of trade receivables, the economic entityonly transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the economic entity uses other publicly available financial information and its own trading records to rate its major customers.

The economic entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Potential concentrations of credit rate risk consist mainly of investments, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents

The credit exposure to any single counterparty is managed by setting transaction or exposure limits, which are included in the economic entity's Investment Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers.

Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by levying penalty charges, issuing demands for payment, restricting service and handing customers over for collection, whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

No credit limits were exceeded during the reporting period, and management does not expect any deficits from non-performance by these counterparties.

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

Financial instrument	2013	2012
Cash and cash equivalents	-	6,791,111
Trade and other receivables from exchange transactions	-	66,508,234

Market risk

Interest rate risk

The municipality’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments. During 2013 and 2012, the municipality’s borrowings at variable rate were denominated in the Rand.

	2013 R	2012 R

53. Going concern

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The municipality is currently experiencing financial difficulties. Indicators of the financial problems are:
- The significant decrease in accounts payable of R 17,8 million (2012: +R 25,5,44 million);
- The municipality incurred a deficit during the year of R 125,5 million (2012: R 64,9 million);
- The creditors are not paid within 30 days as required by the MFMA;
- Debt collection period has not improved during the current year;
- The gross outstanding debtors decreased from R 311,9 million in 2012 to R 173,4 million as at 30 June 2013;
- The provision for doubtful debts have been estimated at R 148,7 million (2012: R 245,4 million). This equates to approximately 85,7% of gross outstanding debtors (2012: 78,6%).

At 30 June 2013 the municipality's current liabilities amounted to R 49,5 million (2012: R 86,9 million), whilst the current assets amounted to R 91,5 million (2012: R 121,5 million)..

We draw attention to the fact that at 30 June 2013, the municipality had accumulated surplus of R 3,655,124,292 and that the municipality's total liabilities exceed its assets by R 3,655,124,292.

Previously disadvantaged areas are charged a basic tariff on water as opposed to the consumption tariff, thus resulting in a possible loss of income for the municipality. The above challenges did not impair the municipality to deliver services to the community as mandated by the Constitution of the Republic of South Africa.

The municipality shall therefore continue to honour its financial obligations and strive to maintain its assets, and will therefore continue to exist within the foreseable future, as a going concern.

The municipality is also exploring alternative options to improve it's financial position.

54. Prior period errors

During the current year, management continued to implement a proper register for Property, Plant and Equipment.

With the physical verification process that was done to correct the infrastructure asset register and the movable asset register, new classifications was used and therefor certain figures changed from the prior year to the current year. There were also assets that were omitted from last year's asset register and these were subsequently added.

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

	2013	2012
Statement of financial position		
Property, plant and equipment	-	1,530,836,078
Investment property	-	71,339,729
Heritage Assets	-	10,815,829
Opening Accumulated Surplus	-	(1,622,913,485)
Statement of Financial Performance		
Depreciation expense	-	9,813,644

During the current year, management perform an IAS 19 valuation on the post-retirement healthcare subsidy and also long service awards provision..

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

Notes to the Financial Statements

	2013 R	2012 R

54. Prior period errors (continued)

Statement of financial position		
Retirement benefit obligation	-	(39,186,000)
Provisions	-	(4,316,261)
Opening Accumulated Surplus	-	38,320,263
Statement of Financial Performance		
Post-retirement healthcare	-	5,181,998

During the current year, management continued to implement a proper register for Property, Plant and Equipment. With the physical verification process certain assets was reclasified as investment property and/or inventory in term of the GRAP standards.

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

Statement of financial position		
Inventories - Unsold Properties Held for Resale	-	2,311,000
Investment Property	-	23,109,726
Property, plant and equipment	-	(25,420,726)
	-	-

55. Contingencies

From information received from the municipality's attorneys they indicate that the municipality has outstanding claims that could result in a possible contingent liability of R7,064,664. A register is available at the municipality.

Employees’ job evaluations were not completed and they were not paid according to the wage scales and rates in the wage curve agreement [and/or] did not receive the nine months retrospective increase. The amount of this process is yet unknown, but it may result in a liability for the municipality.

56. Operating lease

The municipality have the following significant leasing arrangements:

- ERB Marketing
- MWEB Internet and usage
- Windeed deeds office searche
- Nashua
  Multi Choiche
- Equipment rentals - ad hoc basis

- the basis on which contingent rent payable is determined is as follow
  -
  - ERB Marketing - contract
  - MWEB - contract and monthly usage
  - Windeed - monthly usage
  - Nashua - contract
  - Equipment rentals - ad hoc basis .

- there are no existing terms of renewal or purchases options and/or any escalation clauses on these contracts;
- there are no restrictions imposed by lease arrangements, such as those concerning return of net surplus, return of capital contributions, dividends, additional debt and further leasing.

Operating leases are on photo copying machines, IT services relating to internet usage and ad hoc equipment rentals.

The average lease term is 1 year.

Notes to the Financial Statements

	2013 R	2012 R

56. Operating lease (continued)

Minimum lease payments due		
- within one year	510,986	1,183,764
- in second to fifth year inclusive	-	183,408
	510,986	**1,367,172**
Present value of minimum lease payments due		
- within one year	510,986	1,183,764
- in second to fifth year inclusive	-	183,408
	510,986	**1,367,172**

57. Changes in accounting policy

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior except for the adoption of the following new or revised standards.:

- • GRAP 21 Impairment of Non-cash-generating Assets
  • GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
  • GRAP 24 Presentation of Budget Information in the Financial Statements
  • GRAP 26 Impairment of Cash-generating Assets
  • GRAP 103 Heritage Assets
  • GRAP 104 Financial Instruments.

The aggregate effect of the changes in accounting policy on the financial statements for the ended 30 June 2012 is as follows:

Statement of financial position

Property, plant and equipment		
Previously stated	-	3,725,076,568
Adjustment	-	(18,930,660)
	-	**3,706,145,908**
Heritage Asseys		
Adjustment	-	18,930,660

Setsoto Local Municipality
Appendix A

Schedule of external loans as at 30 June 2013

	Loan Number	Redeemable	Balance at 30 June 2012 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2013 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock								
Structured loans								
Funding facility								
Development Bank of South Africa								
Bonds								
Other loans								
Lease liability								
Annuity loans								
Government loans								
Total external loans								

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Appendix B

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

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Appendix B

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

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Appendix B

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

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Setsoto Local Municipality
Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2013

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	-	119	(1,005)	-	-	**-**	**(886)**	-	(1,005)	-	-	-	**(1,005)**	(1,891)
Finance & Admin/Finance	-	790	17,161	-	-	**-**	**17,951**	-	17,161	-	-	-	**17,161**	35,112
Planning and Development/Economic Development/Plan	-	-	(521)	-	-	**-**	**(521)**	-	(521)	-	-	-	**(521)**	(1,042)
Health/Clinics	-	-	1	-	-	**-**	**1**	-	1	-	-	-	**1**	2
Comm. & Social/Libraries and archives	-	29	(8,429)	-	-	**-**	**(8,400)**	-	(8,429)	-	-	-	**(8,429)**	(16,829)
Housing	-	-	(5,955)	-	-	**-**	**(5,955)**	-	(5,955)	-	-	-	**(5,955)**	(11,910)
Public Safety/Police	-	51	(7,740)	-	-	**-**	**(7,689)**	-	(7,740)	-	-	-	**(7,740)**	(15,429)
Sport and Recreation	-	5	(21,259)	-	-	**-**	**(21,254)**	-	(21,259)	-	-	-	**(21,259)**	(42,513)
Waste Water Management/Sewerage	-	28	(24,936)	-	-	**-**	**(24,908)**	-	(24,936)	-	-	-	**(24,936)**	(49,844)
Road Transport/Roads	-	362	6,592	-	-	**-**	**6,954**	-	6,592	-	-	-	**6,592**	13,546
Water/Water Distribution	-	2,447	(111,398)	-	-	**-**	**(108,951)**	-	(111,398)	-	-	-	**(111,398)**	(220,349)
Electricity /Electricity Distribution	-	82	36,568	-	-	**-**	**36,650**	-	36,568	-	-	-	**36,568**	73,218
Other/Air Transport	4,850,853	-	(1,624,110)	-	-	**-**	**3,226,743**	(1,202,956)	(1,624,110)	-	-	-	**(2,827,066)**	399,677
	4,850,853	**3,913**	**(1,745,031)**	**-**	**-**	**-**	**3,109,735**	**(1,202,956)**	**(1,745,031)**	**-**	**-**	**-**	**(2,947,987)**	**161,748**
Municipal Owned Entities														
Total														
Municipality	4,850,853	3,913	(1,745,031)	-	-	**-**	**3,109,735**	(1,202,956)	(1,745,031)	-	-	-	**(2,947,987)**	161,748
	4,850,853	**3,913**	**(1,745,031)**	**-**	**-**	**-**	**3,109,735**	**(1,202,956)**	**(1,745,031)**	**-**	**-**	**-**	**(2,947,987)**	**161,748**

Setsoto Local Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
			Municipality			
55,192,445	44,122,541	11,069,904	Executive & Council/Mayor and Council	58,955,488	57,831,645	1,123,843
61,250,252	39,295,014	21,955,238	Finance & Admin/Finance	67,759,259	49,807,365	17,951,894
-	-	-	Planning and Development/Economic Development/Plan	300,000	821,170	(521,170)
-	515,344	(515,344)	Health/Clinics	7,083	5,928	1,155
360,591	5,830,808	(5,470,217)	Comm. & Social/Libraries and archives	303,620	8,703,890	(8,400,270)
24,244	20,599,598	(20,575,354)	Housing	177,746	6,132,335	(5,954,589)
372,490	6,095,916	(5,723,426)	Public Safety/Police	466,719	8,155,709	(7,688,990)
6,697,103	12,007,410	(5,310,307)	Sport and Recreation	41,207	21,294,740	(21,253,533)
70,494,823	54,181,031	16,313,792	Waste Water Management/Sewerage	53,560,459	78,467,993	(24,907,534)
49,618,593	163,230,060	(113,611,467)	Road Transport/Roads	25,914,594	18,960,687	6,953,907
74,944,006	52,461,992	22,482,014	Water/Water Distribution	138,670,636	247,621,383	(108,950,747)
83,201,355	78,718,852	4,482,503	Electricity /Electricity Distribution	98,326,051	61,676,264	36,649,787
402,155,902	**477,058,566**	**(74,902,664)**		**444,482,862**	**559,479,109**	**(114,996,247)**
			Municipal Owned Entities			
			Other charges			
402,155,902	477,058,566	(74,902,664)	Municipality	444,482,862	559,479,109	(114,996,247)
402,155,902	**477,058,566**	**(74,902,664)**	**Total**	**444,482,862**	**559,479,109**	**(114,996,247)**

Setsoto Local Municipality
Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013

	Current year 2012 Act. Bal. Rand	Current year 2012 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	101,730,333	102,111,498	(381,165)	(0.4)	
Rental of facilities and equipment	88,316	675,282	(586,966)	(86.9)	
Licences and permits	7,849	12,000	(4,151)	(34.6)	
Other income 1	27,033	1,852,414	(1,825,381)	(98.5)	
Other income - (rollup)	4,767,986	1,970,736	2,797,250	141.9	
Interest received - investment	30,795,023	32,893,262	(2,098,239)	(6.4)	
Dividends received	28,114	28,114	-	-	
	137,444,654	139,543,306	(2,098,652)	(1.5)	
Expenses					
Personnel	(128,148,263)	(107,304,315)	(20,843,948)	19.4	
Remuneration of councillors	(11,081,716)	(13,150,139)	2,068,423	(15.7)	
Administration	-	1	(1)	(100.0)	
Depreciation	(213,474,649)	(118,215,060)	(95,259,589)	80.6	
Finance costs	(1,265,372)	(3,527,890)	2,262,518	(64.1)	
Debt impairment	(70,597,892)	(71,685,630)	1,087,738	(1.5)	
Repairs and maintenance - General	(31,608,435)	(19,966,887)	(11,641,548)	58.3	
Bulk purchases	(48,436,867)	(50,000,000)	1,563,133	(3.1)	
Contracted Services	-	-	-	-	
Grants and subsidies paid	(8,132,606)	(26,644,504)	18,511,898	(69.5)	
General Expenses	(46,734,423)	(51,161,746)	4,427,323	(8.7)	
	(559,480,223)	(461,656,170)	(97,824,053)	21.2	
Other revenue and costs					
Net surplus/ (deficit) for the year	(422,035,569)	(322,112,864)	(99,922,705)	31.0	

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Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2013

	Monthly				Monthly
	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	119	20	(99)	**(495)**	
Finance & Admin/Finance	790	506	(284)	**(56)**	
Comm. & Social/Libraries and archives	29	42	13	**31**	
Housing	-	20	20	**100**	
Public Safety/Police	51	10	(41)	**(410)**	
Sport and Recreation	5	5	-	**-**	
Waste Water Management/Sewerage	28	700	672	**96**	
Road Transport/Roads	362	703	341	**49**	
Water/Water Distribution	2,447	882	(1,565)	**(177)**	
Electricity /Electricity Distribution	82	506	424	**84**	
	3,913	**3,394**	**(519)**	**(15)**	
Municipal Owned Entities					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	3,973	**3,395**	**(578)**	**(17)**	
Other charges					

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

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

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

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013

	2013/2012											2012/2011			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue - Standard															
Governance and administration	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Executive and council	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Budget and treasury office	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Corporate services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and public safety	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Economic and environmental services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Planning and development	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Trading services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Electricity	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Standard	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013

	2013/2012											2012/2011			
	Original Budget Rand	**Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand**	**Final adjustments budget Rand**	**Shifting of funds (i.t.o. s31 of the MFMA) Rand**	**Virement (i.t.o. Council approved policy) Rand**	**Final Budget Rand**	**Actual Outcome Rand**	**Unauthorised expenditure Rand**	**Variance Rand**	**Actual Outcome as % of Final Budget Rand**	**Actual Outcome as % of Original Budget Rand**	**Reported unauthorised expenditure Rand**	**Expenditure authorised in terms of section 32 of MFMA Rand**	**Balance to be recovered Rand**	**Restated Audited Outcome Rand**
Expenditure - Standard															
Governance and administration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2013

	2013/2012														2012/2011
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue by Vote															
Example 1 - Vote1	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 2 - Vote2	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 3 - Vote3	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 4 - Vote4	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 5 - Vote5	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 6 - Vote6	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 7 - Vote7	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 8 - Vote8	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 9 - Vote9	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 10 - Vote10	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 11 - Vote11	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 12 - Vote12	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 13 - Vote13	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 14 - Vote14	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 15 - Vote15	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue by Vote	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Expenditure by Vote to be appropriated															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure by Vote	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013

	2013/2012											2012/2011			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue By Source															
Property rates	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Interest earned - external investments	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Interest earned - outstanding debtors	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Licences and permits	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Gains on disposal of PPE	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013

	2013/2012											2012/2011			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Expenditure By Type															
Employee related costs	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Remuneration of councillors	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Debt impairment	-	-	-		-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Depreciation & asset impairment	-	-	-		-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit)	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Transfers recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Contributions recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Contributed assets	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after capital transfers & contributions	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Taxation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after taxation	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Attributable to minorities	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) attributable to municipality	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013

	2013/2012													2012/2011	
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Capital expenditure - Vote **Multi-year expenditure**															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital multi-year expenditure sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Single-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Total Capital Expenditure - Vote	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013

	2013/2012														2012/2011
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Capital Expenditure - Standard															
Governance and administration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Funded by:															
National Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other transfers and grants	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Internally generated funds	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Capital Funding	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2013

	2013/2012								2012
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Cash flow from investing activities									
Cash flow from financing activities									