



**Ndwedwe Local Municipality
Annual Financial statements
for the year ended 30 June 2013**

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

General Information

Members of the council

M Hadebe	Mayor
EN Blose	Deputy Mayor
MJ Zondi	Speaker
NP Ngcobo	Member of the Executive Committee
RM Cele	Member of the Executive Committee
BJ Shozi	Member of the Executive Committee
KW Madlala	Member of the Executive Committee
MP Busane	Member of the Executive Committee

Municipal Manager

Ms. T Cibane

Chief Finance Officer (CFO)

Mr. T. Nkosi

Grading of local authority

Grade 2 Low Capacity Municipality

Auditors

The Auditor General of South Africa

Bankers

ABSA Bank, Verulam Branch

Registered Office

Ndwedwe Local Municipality

Physical Address

P100 Road
Ndwedwe
4342

Postal Address

P/Bag X 503
Ndwedwe

Telephone Number

032 532 5000

Fax Number

032 532 5031/5032

E-mail Address

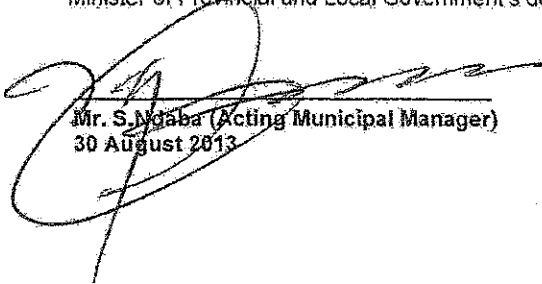
mm@ndwedwe.gov.za

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Officer's Responsibilities and Approval

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 39, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 15 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr. S. Ndaba (Acting Municipal Manager)
30 August 2013

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	Restated 2012
ASSETS			
Current Assets			
Trade and receivables from exchange transactions	2	610,314	1,226,749
VAT receivable	3	3,912,854	1,031,665
Consumer debtors	4	1,901,034	1,490,855
Cash and cash equivalents	5	40,690,884	21,370,889
		47,115,086	25,120,158
Non-Current Assets			
Property, plant and equipment	6	149,303,541	146,545,650
Intangible assets	7	140,193	102,228
		149,443,734	146,647,878
Total Assets		196,558,820	171,768,036
LIABILITIES			
Current Liabilities			
Finance lease liability	8	753,009	1,551,516
Payables from exchange transactions	9	9,709,002	3,338,648
Unspent conditional grants and receipts	10	22,731,658	8,664,213
Provisions	11	1,384,555	1,326,514
		34,578,224	14,880,891
Non-Current Liabilities			
Finance lease liability	8	399,286	1,269,675
Provisions	11	485,545	545,649
		884,831	1,815,324
Total Liabilities		35,463,055	16,696,215
Net assets		161,095,765	155,071,821
NET ASSETS			
Accumulated surplus		161,095,765	155,071,821

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	Restated 2012
Revenue			
Rental of facilities and equipment		193,187	47,904
Other income		449,012	773,077
Interest earned - outstanding receivables		353,261	202,197
Interest received - investment		2,276,221	1,349,973
Property rates	12	4,130,664	4,121,416
Government grants	13	86,172,813	83,408,869
Public contributions and donations		52,645	-
Total revenue		93,627,803	89,903,436
Expenditure			
Employee related costs	14	(19,226,657)	(19,598,510)
Remuneration of councillors	15	(8,388,673)	(7,895,598)
Depreciation and amortisation expense	16	(9,559,146)	(5,470,878)
Impairment loss		(12,397,430)	-
Finance costs	17	(293,190)	(486,814)
Repairs and maintenance		(5,446,064)	(4,163,911)
Increase in provision for bad debts		(2,354,711)	(2,334,163)
Contracted services	18	(3,102,372)	(3,072,496)
General expenses	19	(27,785,921)	(18,646,654)
(Increase)/Decrease in provision for long service award		3,058	(178,997)
(Increase)/Decrease in provision for leave pay		(1,384,555)	(429,565)
Total expenditure		(89,935,661)	(62,277,586)
Loss on disposal of assets		(409,317)	-
Impairment loss		-	(618,587)
		(409,317)	(618,587)
Surplus for the year		3,282,825	27,007,263

Ndwedwe Local Municipality

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	96,286,689	96,286,689
Adjustments		
Prior year adjustments	31,777,871	31,777,871
Balance at 01 July 2011 as restated	128,064,560	128,064,560
Changes in net assets		
Surplus for the year	27,007,262	27,007,262
Total changes	27,007,262	27,007,262
Balance at 01 July 2012	155,071,821	155,071,821
Changes in net assets		
Fair value adjustment	674,223	674,223
Reversal of leave pay	926,892	926,892
Re-allocation of grant income	612,168	612,168
Re-allocation of creditors	104,438	104,438
Finance lease movements	322,607	322,607
Current year adjustment	232,550	232,550
Intangible asset movement	(131,759)	(131,759)
Net income (losses) recognised directly in net assets	2,741,119	2,741,119
Surplus for the year	3,282,825	3,282,825
Total recognised income and expenses for the year to date	6,023,944	6,023,944
Total changes	6,023,944	6,023,944
Balance at 30 June 2013	161,095,765	161,095,765

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	Restated 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Vat		-	1,380,729
Sale of goods and services		2,731,632	88,000,733
Grants		100,026,632	5,054,207
Interest received		2,276,221	1,349,973
Other receipts		854,918	-
		<u>105,889,403</u>	<u>95,785,642</u>
Payments			
Employee costs		(27,615,330)	-
Suppliers		(29,090,633)	(53,901,599)
Finance costs		(293,190)	(486,814)
Vat		(2,881,189)	-
		<u>(59,880,342)</u>	<u>(54,388,413)</u>
Net cash flows from operating activities	21	<u>46,009,061</u>	<u>41,397,229</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	<u>(25,020,170)</u>	<u>(22,771,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other financial liabilities		<u>(1,668,896)</u>	<u>(864,464)</u>
Net increase in cash and cash equivalents		<u>19,319,995</u>	<u>17,760,884</u>
Cash and cash equivalents at the beginning of the year		21,370,889	3,610,006
Cash and cash equivalents at the end of the year	5	<u>40,690,884</u>	<u>21,370,890</u>

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
Financial Performance					
Revenue					
Revenue from exchange transactions					
Rental of facilities and equipment	290,000	-	290,000	193,187	(96,813)
Other income	350,000	-	350,000	449,012	99,012
Interest earned - outstanding receivables	300,000	-	300,000	353,261	53,261
Interest received - investment	3,000,000	-	3,000,000	2,276,221	(723,779)
Total revenue from exchange transactions	3,940,000	-	3,940,000	3,271,681	(668,319)
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	7,592,164	(3,491,924)	4,100,240	4,130,664	30,424
Government grants & subsidies	96,946,000	4,000,000	100,946,000	86,172,813	(14,773,187)
Transfer revenue					
Public contributions and donations	-	-	-	52,645	52,645
Total revenue from non-exchange transactions	104,538,164	508,076	105,046,240	90,356,122	(14,690,118)
Total revenue	108,478,164	508,076	108,986,240	93,627,803	(15,358,437)
Expenditure					
Personnel	(20,203,176)	104,835	(20,098,341)	(19,226,657)	871,684
Remuneration of councillors	(8,695,530)	-	(8,695,530)	(8,388,673)	306,857
Depreciation and amortisation	(3,000,000)	-	(3,000,000)	(9,559,146)	(6,559,146)
Impairment loss/ Reversal of impairments	-	-	-	(12,397,430)	(12,397,430)
Finance costs	(395,100)	-	(395,100)	(293,190)	101,910
Repairs and maintenance	(9,545,000)	1,040,000	(8,505,000)	(5,446,064)	3,058,936
Bulk purchases	(4,196,069)	1,863,134	(2,332,935)	(2,354,711)	(21,776)
Contracted Services	(3,160,000)	-	(3,160,000)	(3,102,372)	57,628
General Expenses	(25,322,049)	(889,907)	(26,211,956)	(29,167,418)	(2,955,462)
Total expenditure	(74,516,924)	2,118,062	(72,398,862)	(89,935,661)	(17,536,799)
Operating surplus	33,961,240	2,626,138	36,587,378	3,692,142	(32,895,236)
Loss on disposal of assets	-	-	-	(409,317)	(409,317)
Surplus before taxation	33,961,240	2,626,138	36,587,378	3,282,825	(33,304,553)
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	33,961,240	2,626,138	36,587,378	3,282,825	(33,304,553)
Reconciliation					

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
ASSETS						
Current Assets						
Trade and receivables from exchange transactions	-	-	-	610,314	610,314	
VAT receivable	-	-	-	3,912,854	3,912,854	
Consumer debtors	-	-	-	1,901,034	1,901,034	
Cash and cash equivalents	-	-	-	40,690,884	40,690,884	
	-	-	-	47,115,086	47,115,086	
Non-Current Assets						
Property, plant and equipment	36,558,482	-	36,558,482	149,303,541	112,745,059	
Intangible assets	-	-	-	140,193	140,193	
	36,558,482	-	36,558,482	149,443,734	112,885,252	
Total Assets	36,558,482	-	36,558,482	196,558,820	160,000,338	
LIABILITIES						
Current Liabilities						
Finance lease liability	-	-	-	753,009	753,009	
Payables from exchange transactions	-	-	-	9,709,002	9,709,002	
Unspent conditional grants and receipts	-	-	-	22,731,658	22,731,658	
Provisions	-	-	-	1,384,555	1,384,555	
	-	-	-	34,578,224	34,578,224	
Non-Current Liabilities						
Finance lease liability	-	-	-	399,286	399,286	
Provisions	-	-	-	485,545	485,545	
	-	-	-	884,831	884,831	
Total Liabilities	-	-	-	35,463,055	35,463,055	
NET ASSETS	36,558,482	-	36,558,482	161,095,765	124,537,283	
NET ASSETS						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	36,558,482	-	36,558,482	161,095,765	124,537,283	

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

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

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

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

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

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

PRESENTATION CURRENCY

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

COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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

GOING CONCERN ASSUMPTION

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

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

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

- GRAP 18 Segment reporting - issued March 2005
-No significant impact is expected as the municipality does not engage in segmental reporting.
- GRAP 20 Related Party Disclosures
-No significant impact is expected as the municipality is unaware of any related party transactions that occurred at the date of preparation of the financial statements.
- GRAP 25 Employee benefits - issued February 2008
-No significant impact is expected as the municipality does not provide employee benefits as described in GRAP25
- GRAP 105 Transfer of functions between entities under common control - issued November 2007
-No significant impact is expected as the municipality does not have separate entities.
- GRAP 106 Transfer of functions between entities not under common control - issued July 2008
-No significant impact is expected as the municipality does not have separate entities
- GRAP 107 Mergers - Issued November 2010
-No significant impact is expected as the municipality did not engage in any mergers during or after the date of preparation of the annual financial statements

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.2 Property, plant and equipment

1.2.1. INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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

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

INITIAL MEASUREMENT

Items of property, plant and equipment are initially measured at cost at the acquisition date.

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

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

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

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

SUBSEQUENT EXPENDITURE

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

SUBSEQUENT MEASUREMENT

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

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

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.2 Property, plant and equipment (continued)

DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after taking into account an assets' residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

IMPAIRMENT

Refer to accounting policy number 1.7

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Item	Average useful life
Infrastructure	
• Roads and Paving	15 years
• Economic Development	20 years
• Sewerage	20 years
• Electricity	20 years
Community	
• Buildings	30 years
• Recreational facilities	20-30 years
• Security	5 years
Other	
• Informal Markets	
• Building Improvements	20 years
• Heavy and mobile plant	10 years
• Furniture and fittings	7 years
• Bins and containers	5 years
• Plant - general	5 years
• Office Equipment	3-5 years
• Other items of Plant and equipment	3-5 years
Buildings	30 years
Motor vehicles	5 years

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.3 Intangible assets

1.3.1. INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

1.3.2. SUBSEQUENT MEASUREMENT - COST MODEL

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

The cost of an intangible asset is depreciated over the useful life where that life is finite. Where the useful is indefinite, the asset is not depreciated but is subject to impairment tests.

1.3.3. AMORTISATION AND IMPAIRMENT

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

Computer software 5 years

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

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

1.3.4. DERECOGNITION

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.4 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION AND MEASUREMENT

Financial instruments are recognised initially recognised at fair value.

SUBSEQUENT MEASUREMENT

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

CASH AND CASH EQUIVALENTS

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

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

TRADE AND OTHER RECEIVABLES

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

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

DEBTORS

Debtors are recognised at fair value and measured at amortised cost using the effective interest method, less provision for impairment (Bad Debt). A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors.

The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Statement. An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

TRADE AND OTHER PAYABLES

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

Trade creditors and other payables are measured at fair value.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 LEASES

MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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

1.6 VALUE ADDED TAXATION

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

1.7 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an 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 municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.7 IMPAIRMENT OF ASSETS (continued)

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 RETIREMENT BENEFITS

PROVIDENT FUND OBLIGATIONS

The municipality and its employees contribute to one provident fund that caters for the majority of the staff. The KZN Joint Municipal Provident Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

DEFINED CONTRIBUTION PLANS

The municipality provides retirement benefits for its employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year it becomes payable. The defined contribution funds, which are administrated on a provincial basis, are actuarially valued triennially according to the Discounted Cash Flow and Discontinuance Method Approach.

1.9 PROVISIONS

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

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- (b) The municipality 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.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.10 UNAUTHORISED EXPENDITURE

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

1.11 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.12 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), 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.

1.13 CAPITAL 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.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.14 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.15 EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the accounting officer has changed from Ms. Thembeke Cibane to Mr. Sihle Ndaba and the municipality is not aware of any further matter or circumstance arising since the end of the financial year.

1.16 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
2. Trade and receivables from exchange transactions		
Prepaid Expenses	233,407	-
Accrued revenue	-	37,565
Other debtors	374,877	111,057
Distribution account -KDM	2,030	1,078,127
	610,314	1,226,749
3. Value Added Taxation receivable		
VAT Receivable	3,912,854	1,031,665
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
4. Consumer debtors		
Gross balances		
Rates	7,284,759	4,629,072
Debtors with credit balances	109,203	-
	7,393,962	4,629,072
Less: Allowance for impairment		
Rates	(5,492,928)	(3,138,217)
Net balance		
Rates	1,791,831	1,490,855
Electricity	109,203	-
	1,901,034	1,490,855
Rates and Other		
Current (0 -30 days)	233,812	244,696
31 - 60 days	215,948	278,029
61 - 90 days	201,166	198,773
91 - 120 days	193,494	201,406
>121 days	6,440,339	3,706,168
	7,284,759	4,629,072
Electricity		
Current (0 -30 days)	109,203	-

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
4. Consumer debtors (continued)		
Summary of debtors by customer classification		
Consumers and Other		
Current (0 -30 days)	33,265	38,268
31 - 60 days	33,124	41,734
61 - 90 days	32,919	37,763
91 - 120 days	32,773	43,350
>121 days	1,525,565	944,592
	1,657,646	1,105,707
Industrial/ commercial		
Current (0 -30 days)	110,974	125,361
31 - 60 days	93,680	121,023
61 - 90 days	82,677	86,821
91 - 120 days	75,561	85,656
>121 days	1,883,799	1,274,002
	2,246,691	1,692,863
National and provincial government		
Current (0 -30 days)	89,573	81,067
31 - 60 days	89,144	115,272
61 - 90 days	85,570	74,190
91 - 120 days	85,161	72,400
>121 days	3,030,975	1,487,575
	3,380,423	1,830,504
Total		
Current (0 -30 days)	343,015	244,696
31 - 60 days	215,948	278,029
61 - 90 days	201,166	198,773
91 - 120 days	193,494	201,406
>121 days	6,440,339	3,706,168
	7,393,962	4,629,072
Less: Allowance for impairment	(5,492,928)	(3,138,217)
	1,901,034	1,490,855
Reconciliation of allowance for impairment		
Balance at beginning of the year	(3,138,217)	(804,054)
Contributions to provision	(2,354,711)	(2,334,163)
	(5,492,928)	(3,138,217)

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,000	1,000
Bank balances	1,351,168	2,255,695
Short-term deposits	39,338,716	19,114,194
	40,690,884	21,370,889

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Main Bank Account - 62027922930 - First National Bank - Cheque Account	1,351,168	2,602,236	1,351,168	2,255,695
Short term Deposit - First National Bank - 62087920635	12,322,267	7,913,674	12,322,267	7,913,674
Short term Deposit - ABSA Bank - 9123945833	12,164,032	3,731,771	12,164,032	3,731,771
Short term Deposit - Investec - 1100463139501	14,852,417	7,468,749	14,852,417	7,468,749
Total	40,689,884	21,716,430	40,689,884	21,369,889

6. 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 and Buildings	13,492,112	(1,400,125)	12,091,987	9,510,260	(1,087,100)	8,423,160
Motor vehicles	2,764,473	(1,031,880)	1,732,593	4,517,879	(2,254,048)	2,263,831
Infrastructure	49,248,838	(4,343,945)	44,904,893	25,233,323	(4,343,945)	20,889,378
Community	64,674,223	(4,991,640)	59,682,583	46,696,098	(3,197,721)	43,498,377
Other property, plant and equipment	29,084,489	(25,159,067)	3,925,422	9,165,856	(4,985,602)	4,180,254
Work in Progress	26,966,063	-	26,966,063	67,290,649	-	67,290,649
Total	186,230,198	(36,926,657)	149,303,541	162,414,065	(15,868,416)	146,545,649

Ndwedwe Local Municipality
Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	New assets at fair value	Disposals	Transfers	Depreciation	Impairment loss	Total
Land and Buildings	8,423,160	-	-	-	4,441,887	(402,062)	(371,001)	12,091,984
Motor vehicles	2,263,831	-	-	(65,263)	-	(461,874)	(4,100)	1,732,594
Infrastructure	20,889,378	-	-	-	36,270,248	(5,297,810)	(6,956,923)	44,904,893
Community	43,498,377	-	-	-	23,549,919	(2,343,537)	(5,022,176)	59,682,583
Other property, plant and equipment	4,180,254	403,080	679,622	(344,054)	-	(957,434)	(36,046)	3,925,422
Work in progress	67,290,649	23,937,468	-	-	(64,262,054)	-	-	26,966,063
Total	146,545,649	24,340,548	679,622	(409,317)	-	(9,462,717)	(12,390,246)	149,303,541

Ndwedwe Local Municipality
Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)
Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Prior year adjustment	Depreciation	Impairment loss	Total
Land and Buildings	3,431,361	-	5,319,916	(328,114)	-	8,423,163
Motor vehicles	2,019,820	-	707,152	(463,141)	-	2,263,831
Infrastructure	30,314,376	-	(7,238,169)	(2,186,829)	-	20,889,378
Community	15,315,951	-	29,806,887	(1,624,461)	-	43,498,377
Other property, plant and equipment	3,809,852	663,318	1,092,688	(767,018)	(618,588)	4,180,252
Work in Progress	43,092,689	22,108,563	2,089,397	-	-	67,290,649
Total	97,984,049	22,771,881	31,777,871	(5,369,563)	(618,588)	146,545,650

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.

7. Intangible assets

	2013		2012	
	Cost / Valuation	Accumulated amortisation and impairment	Cost / Valuation	Accumulated Carrying value amortisation and impairment
Computer software	485,162	(344,969)	140,193	660,934 (558,706) 102,228

Reconciliation of intangible assets - 2013

	Opening balance	Prior period error	Amortisation	Write-off	Total
Computer software	102,228	173,854	(91,668)	(44,221)	140,193

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand 2013 2012

7. Intangible assets (continued)

Reconciliation of intangible assets - 2012

	Opening balance	Amortisation	Total
Computer software	203,543	(101,315)	102,228

8. Finance lease liability

Minimum lease payments due			
- within one year		862,810	1,844,707
- in second to fifth year inclusive		447,648	2,260,490
		1,310,458	4,105,197
less: future finance charges		(158,163)	(1,284,006)
Present value of minimum lease payments		1,152,295	2,821,191
Present value of minimum lease payments due			
- within one year		753,009	1,551,516
- in second to fifth year inclusive		399,286	1,269,675
		1,152,295	2,821,191
Non-current liabilities		399,286	1,269,675
Current liabilities		753,009	1,551,516
		1,152,295	2,821,191

The capitalised lease liability is secured over infrastructure leased over a period of five years at a fixed interest rate of 15.5%.

The finance lease opening balance was restated in the current year. Refer to note 30.

9. Payables from exchange transactions

Trade payables	8,672,483	1,906,641
Retentions	589,585	1,432,007
Other payables	337,731	-
Debtors with credit balances	109,203	-
	9,709,002	3,338,648

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
10. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Department of Provincial and Local Government-FMG	-	823,590
Department of Traditional and Local Government Affairs- MAP	125,885	125,885
NDPG - Building	244,419	2,274,378
Land Use Management System	-	60,661
MFMA	-	50,324
MPRA Grant	206,575	292,375
Municipal Development Planning	41,492	41,492
CDW/LED Grant	22,503	22,503
Nhlangakazi Project	169,116	169,116
Technical Support MIIPS	10,000	10,000
Synergistic Partnership/Amakhosi	26,799	52,514
Bhamshela Nodal Development	2,346,177	2,346,177
Libary Cybercadet	-	266,167
Kwaloswe Tourism Project	207,529	207,529
Governance and Administration Expert	34,536	34,536
Housing Grant	-	6,540
Access Roads - MIG Grant	7,494,177	1,605,239
KZN Sports and Recreation	100,416	275,187
Municipal Systems	254,352	-
IDP	23,104	-
National Electrification Grant	7,139,057	-
Small Town Rehabilitation	4,000,000	-
Support for Thusong Centre	285,521	-
	22,731,658	8,664,213
Movement during the year		
Balance at the beginning of the year	8,664,213	3,610,005
Additions during the year	41,717,632	37,755,077
Income recognition during the year	(27,650,187)	(32,700,869)
	22,731,658	8,664,213

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand 2013 2012

11. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Movement in provision	Prior period error	Total
Long-service awards	545,649	-	(3,058)	(57,046)	485,545
Leave pay provision	1,326,514	58,041	-	-	1,384,555
	1,872,164	58,041	(3,058)	(57,046)	1,870,100

Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Long-service awards	366,652	178,997	545,649
Leave Pay	1,189,590	136,924	1,326,514
	1,556,242	315,921	1,872,163

	<u>2013</u>	<u>2012</u>
Non-current liabilities	485,545	545,649
Current liabilities	1,384,555	1,326,514
	1,870,100	1,872,163

12. Property rates

Rates received

Rates	4,130,664	5,450,302
Less: Income forgone	-	(1,328,886)
	4,130,664	4,121,416

Valuations

Residential	17,072,000	14,172,000
Commercial	750,000	230,000
State/PSI	59,924,000	59,924,000
Agriculture	407,342,200	419,058,000
Institutional	-	168,816,000
Special Purposes	4,210,000	1,470,000
Agriculture (Residential/Commercial)	181,066,000	17,070,000
	670,364,200	680,740,000

The municipal valuations and property rates was implemented with effect 1 July 2009 in terms of Municipal Rates Act.

Valuations on land and buildings are performed every four years. The first valuation roll came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes on individual property values due to alterations, consolidations, subdivisions and new township development. Various rates in the Rand were applied in accordance with categories determined in terms of the Municipal Property Rates Act. Rebates applicable were applied in line with the municipal property rates policy. Rebates are levied on a monthly basis in terms of municipal rates policy and interest is charged on outstanding amounts as determined by the municipality in terms of rates policy and tariff of charges.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
13. Government grants and subsidies		
Operating grants		
Equitable share	58,309,000	50,708,000
	<u>58,309,000</u>	<u>50,708,000</u>
Capital grants		
Municipal Infrastructure Grant and Capital Grants	21,468,005	20,664,932
Department of Co-operative Governance and Traditional Affairs KZN	3,536,444	3,412,253
Municipal System Improvement Grant	545,648	-
Department of Finance: National Treasury	2,313,716	8,623,684
	<u>27,863,813</u>	<u>32,700,869</u>
	<u>86,172,813</u>	<u>83,408,869</u>

Equitable Share

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
14. Employee related costs		
Basic	14,966,173	15,077,537
Contributions to UIF, Medical and Pension Funds	2,715,404	2,830,317
Travel, motor car and other allowances	953,579	1,180,549
Housing benefits and allowances	121,290	152,592
Overtime and relief payments	383,297	357,515
Bonus	86,914	-
	19,226,657	19,598,510
Municipal Manager - Thembeke Cibane		
Annual remuneration	696,970	665,454
Car allowance	209,091	182,265
Contributions to UIF, Medical and Pension Funds	1,713	1,709
Housing allowance	-	10,000
	907,774	859,428
Chief Finance Officer - Sifiso Kevin Khoza		
Annual remuneration	103,204	512,024
Car allowance	11,200	60,000
Performance bonus	30,512	-
Contributions to UIF, Medical and Pension Funds	12,837	77,098
Leave pay	103,314	-
	261,067	649,122
Resigned : August 2012		
Chief Finance Officer - Thula Nkosi		
Annual remuneration	32,120	-
Car allowance	9,636	-
Contributions to UIF, Medical and Pension Funds	1,502	-
	43,258	-
Appointed : June 2013		
Infrastructure Services - Zakhele Goodman Bethuel Dlamini		
Annual remuneration	-	353,086
Car allowance	-	103,068
Performance bonus	56,402	-
Contributions to UIF, Medical and Pension Funds	-	43,938
	56,402	500,092

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
14. Employee related costs (continued)		
Corporate Services - Nelisiwe Sibongile Xhakaza		
Annual remuneration	90,007	500,103
Car allowance	24,898	147,248
Performance Bonus	30,512	-
Contributions to UIF, Medical and Pension Funds	374	1,497
Leave pay	46,881	-
	192,672	648,848
Corporate Services - Sihle Ndaba		
Annual remuneration	156,894	-
Car allowance	47,068	-
Contributions to UIF, Medical and Pension Funds	19,984	-
	223,946	-
Appointed : February 2013		
Economic and Community Services - Phakama Noble Mhlongo		
Annual remuneration	443,270	447,033
Car allowance	132,980	131,327
Contributions to UIF, Medical and Pension Funds	1,463	70,761
	577,713	649,121
15. Remuneration of councillors		
Mayor	373,779	376,436
Deputy Executive Mayor	155,750	147,840
Speaker	287,441	273,084
Executive councillors	-	921,699
Councillors	5,317,120	4,117,393
Councillors' pension contribution	775,031	747,514
Travelling allowance	871,165	748,174
Medical aid contributions	134,783	114,598
Telephone allowance	473,604	448,860
	8,388,673	7,895,598
In-kind benefits		
The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the council which is included with other expenditure in the Statement of Financial Performance.		
The Mayor has the use of a Council owned vehicle for official duties.		
The Mayor has a full-time bodyguard and driver.		
16. Depreciation and amortisation		
Property, plant and equipment	9,467,478	5,470,878
Intangible assets	91,668	-
	9,559,146	5,470,878

Ndwedwe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
17. Finance costs		
Non-current borrowings	293,190	486,814
18. Contracted services		
Security services	755,748	751,450
Mayoral VIP services	2,346,624	2,321,046
	3,102,372	3,072,496
19. General expenses		
Auditors remuneration	1,754,228	1,591,247
Computer expenses	3,590	6,425
Insurance	187,127	246,905
IT expenses	3,058	-
Fuel and oil	929,718	650,027
Electricity and water	763,875	494,291
Free basic services	129,385	130,954
Conditional grants	7,887,281	4,777,351
Other expenses	16,127,659	10,749,454
	27,785,921	18,646,654
20. Taxation		
Municipalities are exempt from paying tax in terms of section 10(1)(a) of the Income Tax Act		
21. Cash generated from operations		
Surplus for the year	3,282,825	27,007,263
Adjustments for:		
Depreciation and amortisation	9,559,146	5,470,878
Loss on sale of assets	409,317	-
Fair value adjustments	-	618,587
Impairment deficit	12,397,430	-
Contributions to provisions	(2,063)	315,921
Other Non-items	2,599,540	-
Changes in working capital:		
Trade and receivables from exchange transactions	616,435	6,646
Consumer debtors	(410,179)	(592,051)
Payables from exchange transactions	6,370,354	2,135,049
VAT	(2,881,189)	1,380,729
Unspent conditional grants and receipts	14,067,445	5,054,207
	46,009,061	41,397,229

Ndwedwe Local Municipality

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Figures in Rand	2013	2012
22. Commitments		
Commitments in respect of capital expenditure		
Approved and contracted for		
• Infrastructure	16,563,743	15,970,365
• Community	4,531,053	-
• Other property, plant and equipment	550,390	-
	21,645,186	15,970,365
Operating leases		
Minimum lease payments due		
- within one year	-	275,311
- in second to fifth year inclusive	-	573,281
	-	848,592
23. Contingencies		
Litigation is in process against the municipality by SALGA, a dispute that relates to employee remuneration for prior periods, if successful the municipality will have to pay municipal employees based on the amounts determined by SALGA. The amounts cannot be reliably estimated at this stage.		
24. Related parties		
Related party balances		
Loan accounts - Owing (to) by related parties		
KDM	2,030	1,078,127
25. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	400,307	173,613
Amount paid - current year	(400,307)	(173,613)
	-	-
Audit fees		
Current year fee	921,178	867,902
Amount paid - in respect of current year	(921,178)	(867,902)
	-	-
PAYE and UIF		
Current year fee	3,699,974	2,298,225
Amount paid - in respect of current year	(3,699,974)	(2,298,225)
	-	-
Pension and Medical Aid Deductions		
Current year fee	2,577,992	2,230,193
Amount paid - in respect of current year	(2,577,992)	(2,230,193)
	-	-

Ndwedwe Local Municipality

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Figures in Rand	2013	2012
26. Utilisation of Long-term liabilities reconciliation		
Used to finance property, plant and equipment - at cost	-	1,349,751
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.		
27. Unauthorised expenditure		
The municipality incurred an over expenditure on grants which contravened the definition of unauthorised expenditure in terms of the MFMA.	-	3,791,177
Condoned	-	(3,791,177)
	-	-
28. Irregular expenditure		
Opening balance	8,180,373	3,269,790
Add: Irregular Expenditure - current year	6,654,538	3,075,169
Prior Period adjustment	-	1,835,414
	14,834,911	8,180,373

The prior period was increased by R1,835,414 to reflect amounts previously unrecorded.

29. Changes in accounting policy

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2012/13 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented retrospectively as at 30 June 2013:

- GRAP 21 - Impairment of Non-cash generating assets
 - GRAP 23 - Revenue from Non-exchange transactions
 - GRAP 24 - Presentation of budget information in financial statements
 - GRAP 26 - Impairment of Cash-generating assets
 - GRAP 103 - Heritage Assets
 - GRAP 104 - Financial Instruments
- The accounting policies were changed in accordance with these new standards of GRAP and restatements were not necessary as the above have no impact on the municipality.
 - A "Budget Statement" is included with this set of financial statements in order to comply with GRAP 24.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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30. Employee benefit obligations

Defined contribution plan

The Council provides retirement benefits to employees by contributing to a provident fund. Membership of the provident fund is compulsory for all permanent employees. The personnel are members of the following provident funds:

Kwazulu-Natal Joint Municipal Provident fund

Actuarial valuation as at 31 March 2011.

Results of valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R15,072,000 is required to be held in the Risk Reserve Account. The market value of the assets exceeded the Liabilities by R1,055,633,000 at the valuation date. At the previous valuation date there was a deficit. The Investment Reserve Account far exceeds the deficit, so that the Fund is financially sound as at the valuation date.

Benefits:

Pension age 65 years
Earliest retirement age 58 years (55 years if more than 10 years continuous service)

: Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.

: Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuses.

: Benefit on retirement after earliest retirement age or pension age - Full benefit.

: Benefit on retirement because of ill health - Full benefit

: Benefit on death in service - Full benefit plus 0,7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary.

Contributions:

: Members may choose to contribute at a rate of 5%, 7% or 9,25% of their pensionable emoluments in terms of regulation 14(a)

: Participating employers contribute at a rate of 1,95 times of the rate of members contribution in terms of regulation 17(1)(b)

: Of the contribution by the Employer, 3.75% of pensionable emoluments is applied to meeting cost of the risk benefits and expenses

Asset allocation

Domestic Investments:	889 167 000
International Investments	73 586 000
Risk Reserve Account	15 072 000
Unallocated Assets (deficit)	156 000
Membership	9542 members

Ndwedwe Local Municipality

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30. Employee benefit obligations (continued)

Table 6.1: Unfunded Accrued Liability

Ndwedwe Municipality's LSA	30/06/2012	30/06/2013
Total Value of liabilities	488,603	485,545
Value of assets	0	0
Unfunded Accrued Liability	488,603	485,545

Table 6.2: Current-service and Interest Costs

Ndwedwe Municipality's LSA	Year ending 30/06/2013		Year ending 30/06/2014	
	Current-service Cost	Interest Cost	Current-service Cost	Interest Cost
Total Cost	123,155	33,362	77,724	38,157

Table 7.1: Sensitivity Analysis on the Unfunded Accrued Liability (in R Millions)

Assumption	Change	Liability	% change
Central assumptions		0.486	
General salary inflation	+1%	0.531	9%
	-1%	0.445	-8%
Average retirement age	-2 yrs	0.450	-7%
	+2 yrs	0.522	7%
Withdrawal rates	-50%	0.683	41%

Table 7.2: Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30/06/2013

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central assumptions		123,200	33,400	156,600	
General salary inflation	+1%	133,400	36,600	170,000	9%
	-1%	114,100	30,500	144,600	-8%
Average retirement age	-2 yrs	114,800	31,400	146,200	-7%
	+2 yrs	129,000	35,300	164,300	5%
Withdrawal rates	-50%	169,800	47,200	217,000	39%

Table 7.3: Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30/06/2014

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central assumptions		77,700	38,200	115,900	
General salary inflation	+1%	85,600	41,700	127,300	10%
	-1%	70,800	35,000	105,800	-9%
Average retirement age	-2 yrs	71,700	35,300	107,000	-8%
	+2 yrs	83,500	41,000	124,500	7%
Withdrawal rates	-50%	115,800	53,800	169,600	46%

Ndwedwe Local Municipality

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30. Employee benefit obligations (continued)

5.1 Introduction

In estimating the unfunded liability for LSA of the Municipality a number of actuarial assumptions are required. The IAS19/GRAP25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

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

The key financial and demographic assumptions are summarised below. A more detailed outline of these assumptions is contained in Appendix 2.

5.2 Key Financial Assumptions

Table 5.1 summarises the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year.

Table 5.1: Key financial assumptions

Assumption	Value p.a.
Discount rate	7.89%
General Salary Inflation (long-term)	6.96%
Net effective discount rate	0.87%

The salaries used in the valuation include an assumed increase on 1 July 2013 of 6.84% as per the SALGBC Circular No.: 4/2013. The next salary increase was assumed to take place in July 2014.

5.3 Key Demographic Assumptions

Table 5.2 summarises the key demographic assumptions used.

Table 5.2: Key demographic assumptions

Assumption	Value		
	Age	Female	Male
Average retirement age	60		
Mortality during employment	SA85-90		
Withdrawal from service (sample annual rates)			
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	55	0%	0%

Ndwedwe Local Municipality

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30. Employee benefit obligations (continued)

Table 3.1 describes the benefits awarded.

Table 3.1: Long Service Awards for levels of past service

Completed Service (in years)	Long Service Bonuses (% of Annual Salary)	Description
10	4.0%	10 / 250 x annual salary
15	8.0%	20 / 250 x annual salary
20, 25, 30, 35, 40, 45	12.0%	30 / 250 x annual salary

Note:

- In the month that each "Completed Service" milestone is reached, the employee is granted a LSA.
- Working days awarded are valued at 1/250th of annual salary per day

Table 6.7 summarises the accrued liabilities and the plan assets for the current period and the previous period.

Table 6.7: History of liabilities and assets

	30/06/2012	30/06/2013
Present value of accrued liability	488,603	485,545
Fair value of plan asset	0	0
Surplus / (Deficit)	(488,603)	(485,545)

Table 6.8 summarises the experience adjustment for the current period. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

Table 6.8: History of experience adjustments: (Gains) and Losses

Experience adjustment	Year ending 30/06/2013
Liabilities: (Gain) / Loss	(119,258)
Assets: Gain / (Loss)	0

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30. Employee benefit obligations (continued)

The figures presented assume that the Municipality disclosed a liability of R 488,603 in their financial statements as at 30 June 2012.

Table A3.2 Balance Sheet Figures

Balance Sheet	Year ending 30/06/2013	Year ending 30/06/2014
Fair Value of Plan Assets	-	-
Accrued Liability	485,545	597,044
Unfunded Accrued Liability	485,545	597,044
Unrecognised Transitional Liability	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Unrecognised Past Service Cost	-	-
Miscellaneous Item	-	-
Net Liability in Balance Sheet	485,545	597,044

Table A3.3 Reconciling and Projecting the Unfunded Accrued Liability

Unfunded Accrued Liability	Year ending 30/06/2013	Year ending 30/06/2014
Opening Balance	488,603	485,545
Current-service Cost	123,155	77,724
Interest Cost	33,362	38,157
Expected Return on Plan Assets	-	-
Actuarial (Gain)/Loss	(106,331)	-
Past-service Cost	-	-
Effect of Curtailment/Settlement	-	-
Expected Employer Benefit Vestings	(53,244)	(4,382)
Closing Balance	485,545	597,044
Projected Accrued Liability	591,876	597,044

Table A3.4 Net Liability to reflect in the Balance Sheet

Net Liability in Balance Sheet	Year ending 30/06/2013	Year ending 30/06/2014
Opening Balance	488,603	485,545
Current-service Cost	123,155	77,724
Interest Cost	33,362	38,157
Expected Return on Plan Assets	-	-
Transitional Liability Recognised	-	-
Actuarial (Gain)/Loss Recognised in P&L	(106,331)	-
Past-service Cost Recognised	-	-
Effect of Curtailment/Settlement	-	-
Miscellaneous Item	-	-
Net Periodic Cost Recognised in P&L	50,186	115,881
Expected Employer Benefit Vestings	(53,244)	(4,382)
Transitional Liability Recognised outside P&L	-	-
Actuarial (Gain)/Loss Recognised outside P&L	-	-
Closing Balance	485,545	597,044
Current Portion of Liability (due in the next 12 months)	4,382	22,885
Non-Current Portion of Liability	481,163	574,159

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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31. Financial instruments

Categories of financial instruments

2013

Financial assets

In accordance with GRAP 104.3 the financial assets of the municipality were classified as follows:

	At fair value	At amortised cost	Total
Consumer debtors	-	7,284,759	7,284,759
Call deposits	39,338,716	-	39,338,716
Bank balance	1,351,168	-	1,351,168
Interest on outstanding debtors	-	353,261	353,261
	40,689,884	7,638,020	48,327,904

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Annual Financial Statements for the year ended 30 June 2013

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Figures in Rand	2013	2012
32. Correction of Prior Year Errors		
The following adjustments were made to amounts previously reported in the annual financial statements:		
Statement of financial position		
Property, plant and equipment	674,223	31,777,870
Provisions	926,892	-
Unspent conditional grants	612,168	-
Trade and other payables	104,438	-
Finance lease liability	322,607	-
Current year adjustment	1,644,655	-
Intangible assets	(131,759)	-
Accumulated Surplus	(4,153,224)	(31,777,870)
Statement of Financial Performance		
Depreciation	-	(1,032,817)

Properties were identified in the current year that were not accounted for in the prior year, the effect is shown above.

This also effects prior year depreciation and accumulated surplus as above.

It was determined that the closing balance for the finance leases was incorrectly calculated and was hence restated in the current year.

The amount for Irregular expenditure (Note.27) was increased by R1,835,414 to reflect amounts previously unrecorded.

33. Risk management

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

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

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

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

Financial instrument	2013	2012
Consumer Debtors	5,492,928	3,561,634
Cash and cash equivalents	40,682,036	21,370,889
Trade and other receivables from exchange transactions	376,907	1,226,749

34. Going concern

We draw attention to the fact that at 30 June 2013, the municipality had accumulated surplus of R 161,095,765 and that the municipality's total assets exceed its liabilities by R 161,095,765. It is therefore probable that the municipality will continue to operate under the going concern assumption.

Ndwedwe Local Municipality

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34. Going concern (continued)

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.

35. Events after the reporting date

After year-end on the 16th of August 2013, the Municipal Manager was suspended pending an investigation.

Appendix A

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable Balance at 30 June 2012	Received during the period	Redeemed during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
	Rand	Rand	Rand	Rand	Rand	Rand
Loan Stock	-	-	-	-	-	-
Structured loans	-	-	-	-	-	-
Funding facility	-	-	-	-	-	-
Development Bank of South Africa	-	-	-	-	-	-

Appendix A

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
	Rand	Rand	Rand	Rand	Rand	Rand
	-	-	-	-	-	-
	-	-	-	-	-	-
Bonds						
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Other loans						
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Lease liability						
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Annuity loans						
	-	-	-	-	-	-
	-	-	-	-	-	-

Appendix A

Schedule of external loans as at 30 June 2010

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

Government loans

Total external loans

- Loan Stock
- Structured loans
- Funding facility
- Development Bank of South Africa
- Bonds
- Other loans
- Lease liability
- Annuity loans
- Government loans

Appendix B

Analysis of property, plant and equipment as at 30 June 2010 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 purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WiFi infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bluses	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2010 Accumulated depreciation

	Cost/Revaluation		Transfers		Revaluations		Other changes, movements		Closing Balance		Opening Balance		Disposals		Transfers		Depreciation		Impairment loss		Closing Balance		Carrying value				
	Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Opening Balance	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total property plant and equipment																											
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2010
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
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010
 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
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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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						
-	-	-	- Executive & Council/Mayor and Council	-	-	-
-	-	-	- Finance & Admin/Finance	-	-	-
-	-	-	- Planning and Development/Economic Development/Plan	-	-	-
-	-	-	- Health/Clinics	-	-	-
-	-	-	- Comm. & Social/Libraries and archives	-	-	-
-	-	-	- Housing	-	-	-
-	-	-	- Public Safety/Police	-	-	-
-	-	-	- Sport and Recreation	-	-	-
-	-	-	- Environmental Protection/Pollution Control	-	-	-
-	-	-	- Waste Water Management/Sewerage	-	-	-
-	-	-	- Road Transport/Roads	-	-	-
-	-	-	- Water/Water Distribution	-	-	-
-	-	-	- Electricity /Electricity Distribution	-	-	-
-	-	-	- Other/Air Transport	-	-	-
-	-	-		-	-	-
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Appendix D

Segmental Statement of Financial Performance for the year ended
Prior Year **Current Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
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-	-	-		-	-	-
-	-	-		-	-	-
-	-	-	Total	-	-	-