

AMATHOLE DISTRICT MUNICIPALITY



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS **2012/13**

Amathole District Municipality
Consolidated Annual Financial Statements
Index
for the year ended 30 June 2013

1) Abbreviations			2
2) General Information	3	-	7
3) Foreword from Executive Mayor			9
4) Statement of Financial Position			10
5) Statement of Financial Performance			11
6) Statement of Changes in Net Assets			12
7) Cash Flow Statement	13	-	14
8) Statement of Comparison of Budget and Actual Amounts	15	-	16
9) Appropriation Statement	17	-	18
10) Accounting Policies	19	-	37
11) Notes to the Annual Financial Statements	38	-	98

The following supplementary information does not form part of the consolidated annual financial statements and is unaudited:

12) Appendices

A) Schedule of External Loans			99
B) Analysis of Property, Plant and Equipment	100	-	101
C) Segmental Analysis of Property, Plant and Equipment per Department	102		103
D) Segmental Statement of Financial Performance	104	-	105
E) Actual versus Budget (Acquisition of Property, Plant and Equipment)	106	-	107
F) Disclosure of Grants & Subsidies in terms of MFMA			108

13) ANNEXURES

1) Conditional Grants and Receipts	109	-	110
2) National Treasury Budget Information	111	-	116

Amathole District Municipality
Consolidated Annual Financial Statements
Index
for the year ended 30 June 2013

Abbreviations

SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ADM	Amathole District Municipality
AEDA	Amathole Economic Development Agency (Pty) Ltd
DWA	Department of Water Affairs (Previously DWAF)
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
MSIG	Municipal System Infrastructure Grant
NDPG	Neighbourhood Development Programme Grant
RRAMG	Rural Road Asset Management Grant
RBIG	Regional Bulk Infrastructure Grant
NT	National Treasury
PT	Provincial Treasury

Amathole District Municipality
Consolidated Annual Financial Statements
General Information
for the year ended 30 June 2013

Members of the Executive Mayoral Committee

ALDERMEN/COUNCILLORS

Konza, N.	<i>Executive Mayor</i>	
Janda, S.	<i>Speaker</i>	
Mtintsilana, S.	<i>Chief Whip</i>	
Papu, M.	<i>Corporate Services</i> <i>Human Resources & Administration Standing Committee Chairperson</i>	PR
Madikane, E.	<i>Community Safety</i>	PR
Memani, M.	<i>Local Economic Development</i> <i>Development & Planning Standing Committee Chairperson</i>	PR
Finca, P.	<i>Land and Housing</i>	PR
Genu, S.	<i>Strategic Planning & IDP</i>	PR
Jacobs, L.E.V.	<i>Budget & Treasury</i>	PR
Bikitsha, M.	<i>Water & Sanitation</i> <i>Infrastructure Standing Committee Chairperson</i>	PR
Melitafa, B.	<i>Engineering and Infrastructure</i>	PR
Billie, P.	<i>Health & Protection</i> <i>Community Services Standing Committee Chairperson</i>	PR
Kubukeli, T.	<i>Community Liaison & Participation</i>	PR

Grading and Jurisdiction of the District Municipality

Grade 7

- Integrated development planning for the district municipality as a whole including a framework for all municipalities in the area
- Potable water supply systems
- Domestic waste-water and sewage disposal systems
- Solid waste disposal sites, in so far as it relates to:
 - determining a waste disposal strategy*
 - regulation of waste disposal*
- Municipal Health services
- Fire fighting services serving the area
- Promotion of local tourism for the area
- The receipt and allocation of grants

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the former homeland areas of the Ciskei and Transkei, as well as the former Cape Provincial Administration areas.

The Amathole District Municipality's demarcated area is made up of seven (7) local municipalities namely:

- Amahlathi Municipality;
- Nxuba municipality;
- Nkonkobe Municipality;
- Ngqushwa Municipality;
- Great Kei Municipality;
- Mquma Municipality; and
- Mbhashe Municipality

AUDITORS

Auditor - General

Amathole District Municipality
Consolidated Annual Financial Statements
General Information
for the year ended 30 June 2013

BANKERS

Standard Bank -East London
ABSA Bank, East London

REGISTERED OFFICE

40 Cambridge Street	PO Box 320	Telephone : 043 701 4000
East London	East London	Fax : 043 742 0337
5200	5201	Email address: joelenel@amathole.gov.za

MUNICIPAL MANAGER

Mr. C Magwangqana

CHIEF FINANCIAL OFFICER

Mr. N Soga

LEGISLATION

The ADM complies with the following:
Municipal Finance Management Act 56 of 2003,
Municipal Demarcation Act 27 of 1998
Municipal Structures Act 117 of 1998,
Laws Amendment Act 51 of 2002
Constitution of the Republic of South Africa Act No.108 as amended,
Municipal Systems Act 32 of 2000,
Water Services Act,
Basic Conditions of Employment Act 75 of 1997,
Labour relations Act 66 of 1995,
Remuneration of Public Office Bearers Act 20 of 1998,
Division of Revenue Act
Housing Act 107 of 1997,
Local government transitions Act 209 of 1993,
Local government transitions Act Second Amendment Act 97 of 1996,
Local government: Municipal Planning and Performance Management Regulations 2001,
Local government: Municipal Performance Regulations for Municipal Managers and managers directly accountable to Municipal Managers 2006,
Supply Chain Management Regulations 2005,
Value Added Tax Act 89 of 1991, and
Unemployment Insurance Act 30 of 1966

Amathole District Municipality
Consolidated Annual Financial Statements
General Information
for the year ended 30 June 2013

COUNCILLOR/ ALDERMAN	WARD	COUNCILLOR/ ALDERMAN	WARD
Baleni, X.	<i>Mbhashe</i>	Mgidlana, N.	<i>PR</i>
Bangani, L.	<i>Great Kei</i>	Mkosana, N.	<i>Amahlathi</i>
Benya, N.	<i>Mbhashe</i>	Mkosana, V.	<i>PR</i>
Bikitsha, M.	<i>PR</i>	Mpande, Q.	<i>Mnquma</i>
Billie, P.	<i>PR</i>	Mtintsilana, S.	<i>PR</i>
Duna, W.	<i>PR</i>	Ndabazonke, N.	<i>Ngqushwa</i>
Dwanya, T.	<i>Nkonkobe</i>	Ngqongolo, G.	<i>Mnquma</i>
Dyani, N.	<i>Great Kei</i>	Nkunkuma, N.	<i>Amahlathi</i>
Dyani, T.	<i>Mnquma</i>	Nonjaca, N.	<i>Mbhashe</i>
Finca, P.	<i>PR</i>	Nyalambisa, N.	<i>PR</i>
Genu, S.	<i>PR</i>	Papu, M.	<i>PR</i>
Jacobs, L.	<i>PR</i>	Plaatjie, N.	<i>Mnquma</i>
Jali, S.	<i>Ngqushwa</i>	Qaba, P.	<i>Amahlathi</i>
Janda, S.	<i>PR</i>	Rawana, M.	<i>Nkonkobe</i>
Magwa, S.	<i>Mbhashe</i>	Roji, X.	<i>Amahlathi</i>
Kabane, Z.	<i>PR</i>	Rulashe, N.	<i>Nkonkobe</i>
Konza, N.	<i>PR</i>	Sinyongo, L.	<i>Nkonkobe</i>
Kubukeli, T.	<i>PR</i>	Siwisa, M.	<i>Ngqushwa</i>
Macakela, S.	<i>Nkonkobe</i>	Solontsi, Z.	<i>Mnquma</i>
Madikane, E.	<i>PR</i>	Tetyana, M.	<i>Mbhashe</i>
Magatya, N.	<i>Mbhashe</i>	Mfecane, N.	<i>Mbhashe</i>
Malgas, E.	<i>PR</i>	Tyala, N.	<i>Mnquma</i>
Maloni, Q.	<i>Nxuba</i>	Ward, W.	<i>PR</i>
Melitafa, B.	<i>PR</i>	Memani, M.	<i>PR</i>

EXECUTIVE MAYOR

Konza, N.

SPEAKER

Janda, S.

APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated annual financial statements were approved by the Municipal Manager

on _____.

MUNICIPAL MANAGER

Magwangqana, C

CHIEF FINANCIAL OFFICER

Soga, N

Amathole District Municipality
Consolidated Annual Financial Statements
Directors of ASPIRE
for the year ended 30 June 2013

DIRECTOR		Date appointed/resigned
Mrs. N Mqeta	Chief Executive Officer	Appointed in March 2013
Ms. P Xuza	Chief Executive Officer	Resigned in August 2012
Ms. NEP Loyilane		Reappointed in March 2012
Dr. V Mkhosana	Chairperson	Appointed in March 2012
Mr. S Mpambani		Appointed in March 2012
Mr. A Qunta		Appointed in March 2012
Ms. S Madala		Appointed in March 2012
Mr. S Mabandla		Appointed in March 2012

MMV attorneys were appointed as the Company secretary during the 2012 financial year for a period of two years.

Amathole District Municipality
Consolidated Annual Financial Statements
for the year ended 30 June 2013

Approval of the consolidated annual financial statements

I am responsible for the preparation of these consolidated annual financial statements, which are set out on pages 5 to 95 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 27 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 and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager: C. Magwangqana

Date

Amathole District Municipality
Consolidated Annual Financial Statements
for the year ended 30 June 2013

**FOREWORD TO THE ANNUAL FINANCIAL STATEMENTS BY THE EXECUTIVE MAYOR – CLR
NOMASIKIZI KONZA**

Amathole District Municipality
Consolidated Annual Financial Statements
Statement of Financial Position
as at 30 June 2013

MUNICIPALITY		GROUP					
2012/13	Restated		2012/13	Restated	Notes	2012/13	Restated
R	2011/12		R	2011/12		R	R
3 313 628 316	2 863 041 643	ASSETS					
3 243 497 751	2 793 200 587	Non-current assets	3 314 102 567	2 863 600 679			
69 129 577	69 138 415	Property, plant and equipment	3 243 875 806	2 793 602 444	1		
402	402	Investment property	69 129 577	69 138 415	2		
1 000	1 000	Intangible assets	97 598	158 584	3		
999 587	701 238	Investment in municipal entity	-	-	4.1		
		Non-current receivables	999 587	701 238	5		
792 395 802	880 607 619	Current assets	821 780 758	919 178 968			
3 982 429	3 674 874	Inventory	3 982 429	3 674 874	6		
71 281 870	33 235 538	Receivables from exchange transactions	71 281 870	33 235 538	7		
4 369 106	4 422 761	Other receivables from non-exchange transactions	5 001 986	4 676 602	8		
8 522	6 893	Current portion of non-current receivables	8 522	6 893	5		
49 605 218	21 864 848	VAT receivable	50 843 677	21 864 848	9		
472 085 202	471 109 428	Current investments	472 085 202	471 109 428	4.2		
191 063 454	346 293 276	Cash and cash equivalents	218 577 072	384 610 785	10		
4 106 024 118	3 743 649 262	Total Assets	4 135 883 326	3 782 779 647			
		LIABILITIES					
151 721 009	136 912 288	Non-current liabilities	151 749 717	136 965 878			
223 126	298 561	Finance lease liability	223 126	298 561	11		
347 614	471 582	Operating lease liability	376 322	525 173	12		
151 150 269	136 142 145	Employee benefit obligations	151 150 269	136 142 144	13		
245 670 840	342 256 358	Current liabilities	276 379 322	376 135 112			
383 237	471 709	Current portion of finance lease liability	383 237	471 709	11		
-	-	VAT payable	-	8 873	9		
1 943 650	1 772 978	Consumer deposits	1 943 650	1 772 978	14		
146 237 113	167 429 949	Trade and other payables from exchange transactions	155 004 309	167 975 470	15		
5 287 518	-	Taxes and transfers payable	5 287 518	-	16		
-	-	Taxation	(226 543)	105 522	30		
3 315 641	2 747 387	Current provisions	3 819 702	3 057 215	17		
88 503 680	169 834 335	Unspent conditional grants and receipts	110 167 449	202 743 345	19.3		
397 391 849	479 168 646	Total Liabilities	428 129 039	513 100 990			
3 708 632 268	3 264 480 618	Net assets	3 707 754 287	3 269 678 657			
18 665 018	18 665 018	Revaluation reserve	18 665 018	18 665 018			
3 689 967 250	3 245 815 600	Accumulated surplus	3 689 089 269	3 251 013 639			
4 106 024 118	3 743 649 262	Total Net Assets and Liabilities	4 135 883 326	3 782 779 647			

Amathole District Municipality
Consolidated Annual Financial Statements
Statement of Financial Performance
for the year ended 30 June 2013

MUNICIPALITY			GROUP	
Actuals			Actuals	
2012/13	Restated		2012/13	Restated
R	2011/12	Notes	R	2011/12
R	R		R	R
REVENUE				
1 251 330 008	915 057 271		1 301 448 761	994 993 100
79 781 428	40 304 772	20	79 781 428	40 304 772
1 171 548 580	874 752 500	19	1 221 667 333	954 688 329
Revenue from non-exchange transactions				
REVENUE				
301 467 270	237 593 936		302 721 894	238 888 218
236 312 355	164 948 362	18	236 312 355	164 948 362
326 333	311 445	21	326 333	311 445
4 952 658	7 200 508	20	5 044 805	7 421 758
36 605 289	37 946 670	32	37 767 766	39 019 703
23 270 635	27 186 951	33	23 270 635	27 186 951
1 552 797 278	1 152 651 209		1 604 170 654	1 233 881 319
Revenue from exchange transactions				
EXPENSES				
372 611 183	322 633 179	26	380 364 166	330 197 622
11 562 552	10 538 434	27	12 686 111	10 884 641
139 027 009	157 093 946	34	139 027 009	157 093 946
2 857 365	2 443 484		2 857 365	2 443 484
97 385 965	90 755 262	22	97 601 195	90 937 884
19 927 540	11 925 339	24	19 938 536	11 931 401
10 944 928	114 991	35	10 967 548	419 058
-	254 297	29	59 987 222	82 962 280
452 949 583	409 313 198	25	441 285 917	400 603 695
1 107 266 125	1 005 072 131		1 164 715 070	1 087 474 011
Total Expenses				
445 531 153	147 579 079		439 455 585	146 407 308
OPERATING SURPLUS				
(1 379 502)	1 975 098	22	(1 378 004)	2 011 114
-	-	23	(1 950)	-
444 151 651	149 554 177		438 075 630	148 418 421
SURPLUS FOR THE YEAR				
-	-	30	-	(96 903)
444 151 651	149 554 177		438 075 630	148 321 519
Less: Taxation				

Amathole District Municipality
Consolidated Annual Financial Statements
Statement of Changes in Net Assets
for the year ended 30 June 2013

	Notes	Revaluation Reserve	Accumulated Surplus	Total
		R	R	R
Balance at 1 July 2011				
Opening balance as previously reported		18 665 018	3 097 260 342	3 115 925 360
Correction of prior period error	45.1	-	(998 917)	(998 917)
Balance at 1 July 2011 as restated		18 665 018	3 096 261 425	3 114 926 443
Surplus for the year as previously reported		-	146 772 838	146 772 838
Balance at 30 June 2012		18 665 018	3 243 034 263	3 261 699 281
Correction of prior period error	45.1	-	2 781 337	2 781 337
Balance 1 July 2012 - Restated balance		18 665 018	3 245 815 600	3 264 480 618
Surplus for the year		-	444 151 651	444 151 651
Balance at 30 June 2013		18 665 018	3 689 967 250	3 708 632 268

Amathole District Municipality
Consolidated Annual Financial Statements
Statement of Changes in Net Assets: Group
for the year ended 30 June 2013

	Notes	Revaluation Reserve	Accumulated Surplus	Total
		R	R	R
Balance at 1 July 2011				
Opening balance as previously reported		18 665 018	3 103 691 036	3 122 356 054
Correction of error	45.1	-	(998 917)	(998 917)
Balance at 1 July 2011 as restated		18 665 018	3 102 692 119	3 121 357 137
Surplus for the year as previously reported		-	145 510 511	145 510 511
Balance at 30 June 2012		18 665 018	3 248 202 630	3 266 867 648
Correction of prior period error	45.1	-	2 811 009	2 811 009
Opening balance 1 July 2012 - Restated balance		18 665 018	3 251 013 639	3 269 678 657
Surplus for the year		-	438 075 630	438 075 630
Balance at 30 June 2013		18 665 018	3 689 089 269	3 707 754 287

Amathole District Municipality
Consolidated Annual Financial Statements
Cash Flow Statement: Municipality
for the year ended 30 June 2013

	Notes	2012/13 R	Restated 2011/12 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 294 446 937	1 059 866 478
Service charges		59 239 014	23 675 816
Grants		1 090 217 926	923 589 896
Interest and rent received	21, 33, 32	60 202 256	65 445 067
Other receipts		84 787 741	47 155 699
Payments		(899 353 983)	(654 221 890)
Compensation of employees		(368 597 357)	(300 669 202)
Goods and services		(519 811 699)	(353 183 401)
Interest paid	35	(10 944 928)	(114 991)
Other payments		-	(254 297)
Net cash flows from operating activities	36	395 092 953	405 644 588
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of assets		(549 733 844)	(348 510 638)
Purchase of intangible assets		-	(605)
Proceeds from disposal of assets		680 056	2 495 769
Increase in long term receivables		(299 978)	(39 606)
Increase in current investments		(975 774)	(4 919 522)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(550 329 540)	(350 974 602)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(163 906)	(270 896)
Proceeds from consumer deposits		170 672	173 071
NET CASH FLOWS FROM FINANCING ACTIVITIES		6 766	(97 825)
NET CASH FLOW		(155 229 822)	54 572 160
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(155 229 822)	54 572 160
Cash and cash equivalents at the beginning of year		346 293 276	291 721 116
Cash and cash equivalents at end of the year	37	191 063 454	346 293 276

Amathole District Municipality
Consolidated Annual Financial Statements
Cash Flow Statement: Group
for the year ended 30 June 2013

	Notes	2012/13 R	Restated 2011/12 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		1 334 196 033	1 160 806 240
Service charges		59 239 014	23 675 816
Grants		1 129 091 437	1 021 517 386
Interest and rent received	21, 33, 32	61 364 734	66 532 987
Other receipts		84 500 848	49 080 050
Payments		(949 776 069)	(739 920 652)
Compensation of employees		(377 279 665)	(300 300 624)
Goods and services		(501 209 569)	(356 044 974)
Interest paid	35	(10 967 548)	(419 058)
Other payments		(59 987 222)	(82 962 280)
Taxation paid		(332 065)	(193 716)
Cash generated from operations	36	384 419 964	420 885 588
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of assets		(549 851 998)	(348 671 159)
Purchase of intangible assets		(18 105)	(605)
Proceeds from disposal of assets		685 414	2 539 627
Increase in long term receivables		(299 978)	(39 606)
Increase in current investments		(975 774)	(4 919 522)
NET CASH FROM INVESTING ACTIVITIES		(550 460 441)	(351 091 265)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(163 906)	(270 896)
Proceeds from consumer deposits		170 672	173 071
NET CASH FROM FINANCING ACTIVITIES		6 766	(97 825)
NET CASH FLOW		(166 033 713)	69 696 498
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(166 033 713)	69 696 498
Cash and cash equivalents at the beginning of year		384 610 785	314 914 287
Cash and cash equivalents at the end of year	37	218 577 072	384 610 785

Amathole District Municipality
Consolidated Annual Financial Statements
Statement of Comparison of Budget and Actual Amounts: Municipality
for the year ended 30 June 2013

Budget on Accrual Basis

	Approved Budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Difference between final budget and actual %	Reference
Figures in Rand							
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Service charges	161 603 023	-	161 603 023	236 312 355	74 709 332	46%	1
Rental of facilities and equipment	271 807	-	271 807	326 333	54 526	20%	2
Interest earned - external investments	27 416 422	-	27 416 422	36 605 289	9 188 867	34%	3
Interest earned - outstanding receivables	26 978 019	-	26 978 019	23 270 635	(3 707 384)	-14%	4
Other income	182 921 952	118 054 275	300 976 227	4 952 658	(296 023 569)	-98%	5
Total revenue from exchange transactions	399 191 223	118 054 275	517 245 498	301 467 270	(215 778 228)		
Revenue from non-exchange transactions							
Government grants and subsidies	1 077 177 123	-	1 077 177 123	1 171 548 580	94 371 457	9%	6
Fines	10 000	-	10 000	-	(10 000)	-100%	7
Other income	48 362 877	-	48 362 877	79 781 428	31 418 551	65%	8
Total revenue from non-exchange transactions	1 125 550 000	-	1 125 550 000	1 251 330 008	125 780 008		
Total Revenue	1 524 741 223	118 054 275	1 642 795 498	1 552 797 278	(89 998 220)		
Expenditure							
Employee related costs	399 347 072	5 359 753	404 706 825	372 611 183	(32 095 642)	-8%	9
Remuneration of councillors	11 503 613	312 699	11 816 312	11 562 552	(253 760)	-2%	
Bad debts	64 223 965	-	64 223 965	139 027 009	74 803 044	116%	10
Depreciation and amortisation expense	90 586 148	-	90 586 148	97 385 965	6 799 817	8%	11
Repairs and maintenance	27 375 384	920 950	28 296 334	19 927 540	(8 368 794)	-30%	12
Bulk purchases	64 363 382	(8 025 152)	56 338 230	51 558 536	(4 779 694)	-8%	
Contracted services	28 055 938	4 228 610	32 284 548	29 016 058	(3 268 490)	-10%	13
General expenses	327 412 368	114 790 877	442 203 245	375 232 355	(66 970 890)	-15%	14
Finance charges	32 290	133 538	165 828	10 944 928	10 779 100	6500%	15
Total expenditure	1 012 900 160	117 721 275	1 130 621 435	1 107 266 124	(23 355 311)		
Operating surplus	511 841 063	333 000	512 174 063	445 531 154	(66 642 909)		
Loss on sale of assets	-	-	-	(1 379 502)	(1 379 502)	100%	16
Surplus for the period	511 841 063	333 000	512 174 063	444 151 652	(68 022 411)		

Explanation of material differences between the final budget and actual refer note 50

Amathole District Municipality
Consolidated Annual Financial Statements
Statement of Comparison of Budget and Actual Amounts: Group
for the year ended 30 June 2013

Budget on Accrual Basis

	Approved Budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Difference between final budget and actual %	Reference
Figures in Rand							
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Service charges	161 603 023	-	161 603 023	236 312 355	74 709 332	46%	1
Rental of facilities and equipment	271 807	-	271 807	326 333	54 526	20%	2
Interest earned - external investments	28 061 060	-	28 061 060	37 767 766	9 706 706	35%	3
Interest earned - outstanding receivables	26 978 019	-	26 978 019	23 270 635	(3 707 384)	-14%	4
Other income	182 921 952	118 054 275	300 976 227	5 044 805	(295 931 422)	-98%	5
Total revenue from exchange transactions	399 835 861	118 054 275	517 890 136	302 721 894	(215 168 242)		
Revenue from non-exchange transactions							
Government grants and subsidies	1 147 203 620	12 654 446	1 159 858 066	1 221 667 333	61 809 267	5%	6
Fines	10 000	-	10 000	-	(10 000)	-100%	7
Other income	48 362 877	191 491	48 554 368	79 781 428	31 227 060	64%	8
Total revenue from non-exchange transactions	1 195 576 497	12 845 937	1 208 422 434	1 301 448 761	93 026 327		
Total Revenue	1 595 412 358	130 900 212	1 726 312 570	1 604 170 655	(122 141 915)		
Expenditure							
Employee related costs	408 079 516	5 431 753	413 511 269	380 364 166	(33 147 103)	-8%	9
Remuneration of councillors	11 832 548	1 076 700	12 909 248	12 686 111	(223 137)	-2%	
Bad debts	64 223 965	-	64 223 965	139 027 009	74 803 044	116%	10
Depreciation and amortisation expense	90 677 822	-	90 677 822	97 601 195	6 923 373	8%	11
Repairs and maintenance	27 375 384	920 950	28 296 334	19 938 536	(8 357 798)	-30%	12
Bulk purchases	64 363 382	(8 025 152)	56 338 230	51 558 536	(4 779 694)	-8%	
Contracted services	28 055 938	4 228 610	32 284 548	29 016 058	(3 268 490)	-10%	13
General expenses	315 842 152	114 660 877	430 503 029	363 568 690	(66 934 339)	-16%	14
Finance charges	32 290	133 538	165 828	10 967 548	10 801 720	6514%	15
Transfers and grants	72 937 174	18 507 243	91 444 417	59 987 222	(31 457 195)	-34%	17
Total expenditure	1 083 420 171	136 934 519	1 220 354 690	1 164 715 070	(55 639 620)		
Operating surplus	511 992 187	(6 034 307)	505 957 880	439 455 585	(66 502 295)		
Loss on sale of assets	-	-	-	(1 378 004)	(1 378 004)	100%	16
Impairment loss	-	-	-	(1 950)	(1 950)	100%	18
Surplus for the period	511 992 187	(6 034 307)	505 957 880	438 075 630	(67 882 250)		
Less: Taxation	1 481	12 901	14 382	-	(14 382)	-100%	19
	511 990 706	(6 047 208)	505 943 498	438 075 630	(67 867 868)		

Explanation of material differences between the final budget and actual refer note 50

Amathole District Municipality
Consolidated Annual Financial Statements
Appropriation Statement: Municipality
for the year ended 30 June 2013

Description	2012/2013											2011/2012
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R
	1	2	3	4	5	6	7	8	9	10	11	15
Financial Performance												
Service charges	161 603 023	-	161 603 023	-		161 603 023	236 312 355		74 709 332	146%	146%	164 948 362
Investment revenue	27 416 422	-	27 416 422	-		27 416 422	36 605 289		9 188 867	134%	134%	37 946 670
Transfers recognised - operational	1 077 177 123	-	1 077 177 123	-		1 077 177 123	1 171 548 580		94 371 457	109%	109%	874 752 500
Other own revenue	258 544 657	118 054 275	376 598 932	-		376 598 932	106 951 551		(269 647 381)	28%	41%	76 978 774
Total Revenue (excluding capital transfers and contributions)	1 524 741 225	118 054 275	1 642 795 500	-		1 642 795 500	1 551 417 775		(91 377 725)			1 154 626 305
Employee costs	399 347 072	3 930 569	403 277 641	-	1 429 184	404 706 825	372 611 183	32 095 642	(32 095 642)	92.07%	93.31%	322 633 179
Remuneration of councillors	11 503 613	917 680	12 421 293	-	(604 981)	11 816 312	11 562 552	253 760	(253 760)	97.85%	100.51%	10 538 434
Debt impairment	64 223 965	-	64 223 965	-		64 223 965	139 027 009	(74 803 044)	74 803 044	216.47%	216.47%	157 093 946
Depreciation & asset impairment	90 586 148	-	90 586 148	-		90 586 148	97 385 965	(6 799 817)	6 799 817	107.51%	107.51%	90 755 262
Finance charges	32 290	-	32 290	-	133 538	165 828	10 944 928	(10 779 100)	10 779 100	6600.17%	33895.72%	114 991
Materials and bulk purchases	64 363 382	-	64 363 382	-	(8 025 152)	56 338 230	51 558 536	4 779 694	(4 779 694)	91.52%	80.11%	48 672 685
Transfers and grants	4 000 000	3 310 262	7 310 262	-	-	7 310 262	-	7 310 262	(7 310 262)	0.00%	100.00%	254 297
Other expenditure	378 843 690	109 562 764	488 406 454	-	7 067 411	495 473 865	424 175 952	71 297 913	(71 297 913)	85.61%	111.97%	375 009 337
Total Expenditure	1 012 900 160	117 721 275	1 130 621 435	-	-	1 130 621 435	1 107 266 124	23 355 311	(1 083 910 814)			1 005 072 131
Surplus/(Deficit)	511 841 065	333 000	512 174 065	-		512 174 065	444 151 651					149 554 175
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus after capital transfers & contributions	511 841 065	333 000	512 174 065				444 151 652					149 554 175
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for the year	511 841 065	333 000	512 174 065				444 151 652					149 554 175
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	459 560 439	-	459 560 439	-		459 560 439	-	-	-	-	-	342 384 283
Public contributions & donations	-	-	-	-		-	-	-	-	-	-	-
Borrowing	-	-	-	-		-	-	-	-	-	-	-
Internally generated funds	52 280 622	333 000	52 613 622	-		52 613 622	-	-	-	-	-	35 664 728
Total sources of capital funds	511 841 061	333 000	512 174 061	-		512 174 061	-	-	-	-	-	378 049 011
Cash flows												
Net cash from (used) operating	(666 633 513)	-	(666 633 513)	-		(666 633 513)	395 092 953					405 644 588
Net cash from (used) investing	(511 841 061)	-	(511 841 061)	-		(511 841 061)	(550 329 540)					(350 974 602)
Net cash from (used) financing	-	-	-	-		-	6 766					(97 825)
Cash/cash equivalents at the year end	(1 938 979 808)	-	(1 938 979 808)			(1 938 979 808)	191 063 454					346 293 276

Amathole District Municipality
Consolidated Annual Financial Statements
Appropriation Statement: Group
for the year ended 30 June 2013

Description	2012/2013											2011/2012
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R
	1	2	3	4	5	6	7	8	9	10	11	15
Financial Performance												
Service charges	161 603 023	-	161 603 023	-	-	161 603 023	236 312 355		74 709 332	146%	146%	164 948 362
Investment revenue	28 061 060	-	28 061 060	-	-	28 061 060	37 767 766		9 706 706	134%	134%	39 019 703
Transfers recognised - operational	1 147 203 618	12 654 446	1 159 858 064	-	-	1 159 858 064	1 221 667 333		61 809 269	109%	109%	954 688 329
Other own revenue	258 544 657	118 245 766	376 790 423	-	-	376 790 423	107 045 196		(269 745 227)	28%	41%	77 236 040
Total Revenue (excluding capital transfers and contributions)	1 595 412 358	130 900 212	1 726 312 570	-	-	1 726 312 570	1 602 792 650		(123 519 920)			1 235 892 433
Employee costs	408 079 516	4 002 569	412 082 085	-	1 429 184	413 511 269	380 364 166	33 147 103	(33 147 103)	91.98%	93.21%	330 197 622
Remuneration of councillors	11 832 548	1 681 681	13 514 229	-	(604 981)	12 909 248	12 686 111	223 137	(223 137)	98.27%	107.21%	10 884 641
Debt impairment	64 223 965	-	64 223 965	-	-	64 223 965	139 027 009	(74 803 044)	74 803 044	216.47%	216.47%	157 093 946
Depreciation & asset impairment	90 677 822	-	90 677 822	-	-	90 677 822	97 601 195	(6 923 373)	6 923 373	107.64%	107.64%	90 937 844
Finance charges	32 290	-	32 290	-	133 538	165 828	10 967 548	(10 801 720)	10 801 720	6613.81%	33965.77%	419 058
Materials and bulk purchases	64 363 382	-	64 363 382	-	(8 025 152)	56 338 230	51 558 536	4 779 694	(4 779 694)	91.52%	80.11%	53 784 158
Transfers and grants	76 937 174	21 817 505	98 754 679	-	-	98 754 679	59 987 222	38 767 457	(38 767 457)	60.74%	77.97%	82 962 280
Other expenditure	367 273 474	109 432 764	476 706 238	-	7 067 411	483 773 649	412 525 233	71 248 416	(71 248 416)	85.27%	112.32%	361 194 423
Total Expenditure	1 083 420 171	136 934 519	1 220 354 690	-	-	1 220 354 690	1 164 717 020	55 637 670	(1 109 079 350)			1 087 474 011
Surplus/(Deficit)	511 992 187	(6 034 307)	505 957 880	-	-	505 957 880	438 075 630					148 418 422
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus after capital transfers & contributions	511 992 187	(6 034 307)	505 957 880				438 075 630					148 418 422
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
less: taxation	-	-	-	-	-	-	-	-	-	-	-	(96 903)
Surplus for the year	511 992 187	(6 034 307)	505 957 880				438 075 630					148 321 519
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	459 711 565	-6 367 307	459 711 565	-	-	459 711 565	-	-	-	-	-	342 384 283
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	52 280 622	333 000	52 613 622	-	-	52 613 622	-	-	-	-	-	35 664 728
Total sources of capital funds	511 992 187	(6 034 307)	512 325 187	-	-	512 325 187	-					378 049 011
Cash flows												
Net cash from (used) operating	(666 633 513)	-	(666 633 513)	-	-	(666 633 513)	384 419 964					420 885 588
Net cash from (used) investing	(511 841 061)	-	(511 841 061)	-	-	(511 841 061)	(550 460 441)					(351 091 265)
Net cash from (used) financing	-	-	-	-	-	-	6 766					(97 825)
Cash/cash equivalents at the year end	(1 938 979 808)	-	(1 938 979 808)	-	-	(1 938 979 808)	218 577 072					384 610 785

1 BASIS OF PREPARATION

These annual financial statements have been prepared in accordance with Standards of 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 annual financial statements have been prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

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

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

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise. Details of any changes in the accounting policies are provided in note 39 "Changes in accounting policies".

2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the group. The amounts in the annual financial statements are rounded to the nearest rand.

3 GOING CONCERN ASSUMPTION

These annual financial statements were prepared based on the expectation that the group will continue to operate as a going concern for at least the next 12 months.

4 COMPARATIVE INFORMATION

4.1 Current year comparatives (Budget)

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

The annual budget figures included in the annual financial statements are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP).

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

The annual 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. Comparative information is not required.

4.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, 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.

The presentation and classification of items in the current year is consistent with prior periods.

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

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The municipality has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

Standard number	Standard name	Effective date (if applicable)
	Preface to Interpretations of the Standards of GRAP	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.
IGRAP7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 18	Segment Reporting	No effective date has been determined by the Minister of Finance. The standard requires the identification and aggregation of the operating segments of the municipality into reportable segments. For each of the reportable segments identified details of the financial performance and financial position will be disclosed. The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.

GRAP 20	Related Party Disclosure	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements. The municipality has based its accounting policy on this standard.
GRAP 25	Employee Costs	This standard is effective for financial years commencing on or after 1 April 2013. The municipality has based its accounting policy on this standard.
GRAP 105	Transfers of Functions between entities under common control	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements as the municipality has not had any transfers of functions.
GRAP 106	Transfers of Functions between entities not under common control	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements as the municipality has not had any transfers of functions.
GRAP 107	Mergers	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements as the municipality has not had any mergers.

6 SIGNIFICANT JUDGEMENTS AND ESTIMATES

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the municipality's accounting policies the following estimates, were made:

Other provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Pension and other post-employment benefits

The cost of defined benefit pension plans, other employment medical benefits and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

For key actuarial assumptions, refer to Note 13 "Post-employment benefits".

Operating lease commitments - Municipality as lesser

The Municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the municipality's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence: available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be on the 1st day of January in the year of

construction.

- The consumption of the benefits of infrastructure assets are predominantly uniform over the life of the assets.

The depreciation is therefore assumed to be straight line for all infrastructure assets.

- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.

- The Remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes, the assessment is based on the age of the pipes and information on performance from the operations staff.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Fair value determination of properties (excluding heritage assets)

In determining the fair value of investment property (and / or property, plant and equipment) the municipality applies a valuation methodology to determine the fair value of the properties based on any one of, or a combination of the following factors:

- The market related selling price of the property; or
- The market related rental that can be earned for the property; or
- The market related selling price of similar properties in the area; or
- The rentals currently or previously earned by The property.

Inventory - Water stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Any existing drought conditions are also taken into consideration where applicable.

The water stock on hand has been estimated using engineering best practice and industry norms and standards.

Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

7 CONSOLIDATED FINANCIAL STATEMENTS

The group financial statements incorporate the financial statements of the parent entity, Amathole District Municipality, and its municipal entity, Amathole Economic Development Agency t/a ASPIRE, presented as a single entity and consolidated at the same reporting date as the parent entity.

All inter-entity transactions and balances, unrealised gains and losses within the economic entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

8 RESERVES

The municipality maintains reserves in terms of specific requirements.

REVALUATION RESERVE

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve.

The re-valued assets 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 re-valued amounts, are credited or charged to the Statement of Financial Performance.

The surplus arising from the revaluation of land and buildings is credited directly to equity in the revaluation reserve.

The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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

Depreciation on re-valued buildings is charged to surplus or deficit. On the subsequent sale or retirement of a re-valued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated surplus/(deficit).

9 FINANCIAL INSTRUMENTS

Initial Recognition

The municipality recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the municipality becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the municipality classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and

residual interests as the case may be.

Initial Measurement

When a financial instrument is recognised, the municipality measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent Measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) Financial instruments at fair value.

- Derivatives.
- Compound instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- An investment in a residual interest for which fair value can be measured reliably.

Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost.

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the municipality designates at fair value at initial recognition or are held for trading.

c) Financial instruments at cost.

Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

The municipality assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above. All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Concessionary loans

The part of the concessionary loan that is a social benefit or non-exchange revenue is determined as the difference between the fair value of the loan and the loan proceeds, either paid or received.

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.

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

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

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 a the municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. 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, the municipality shall use the contractual cash flows over the full contractual term of the financial instrument.

A financial asset is defined as:

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

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

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

Financial instruments at amortised cost are non-derivative investments or financial liabilities with fixed or determinable payments and fixed maturity dates. Subsequent to initial recognition, such financial assets and financial liabilities are

measured at amortised cost using the effective interest method less any impairment.

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

Subsequent to initial recognition such investments are measured at cost less any impairment.

Financial instruments at fair value are instruments held for trading.

Subsequent to initial recognition, all changes to fair value are recognised through the the Statement of Financial Performance.

Classification

The municipality initially classifies financial instruments, on initial recognition as a financial asset or financial liability in accordance with the substance of the contractual arrangement.

The municipality 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
Non-current receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost

The municipality 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
Trade payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost

After initial recognition, a municipality measures concessionary loans in accordance with the subsequent measurement criteria set out for all financial instruments.

Derecognition of financial assets and liabilities

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, 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 liable to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

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.

Financial liabilities

The municipality removes a financial liability (or part thereof) 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 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.

The difference between the carrying amount 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 municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions.

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.

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 municipality 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 municipality uses that technique. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. 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 municipality does not classify 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 requirement for reclassification

Offsetting

The municipality does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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 (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced 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 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.

For financial assets held 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.

Receivables

Receivables are classified as financial assets at amortised cost less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year end.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary delegated authority.

Impairments are determined by discounting expected future cash flows to their present value.

Amounts receivable within 12 months from the date of reporting are classified as current.

An impairment of receivables is accounted for by reducing the carrying amount of 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 receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited in the Statement of Financial Performance.

Interest is charged on overdue amounts.

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.

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality 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 municipality does not offset the transferred asset and the associated liability.

Policies relating to specific financial instruments

Investments at amortised cost

Investments, which include [listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks] are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

10 INVESTMENT IN SUBSIDIARIES

Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

Controlled entities are fully consolidated from the date on which control is transferred to the Municipality, and are carried at cost.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

11 INVENTORIES

Initial recognition and measurement

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

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

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the first-in, first-out (FIFO) method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

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

Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses. Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance to the extent that the Municipality has complied with any of the criteria, obligations or conditions of the grant.

The cost of water purchased and own water not yet sold in the Statement of financial position comprises the purchase price, import duties, and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year end.

Derecognition

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

12 NON-CURRENT ASSETS HELD FOR SALE

Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

Derecognition

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition.

13 PROPERTY, PLANT AND EQUIPMENT

Initial recognition and measurement

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 recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly 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 at which the asset is recognised. The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

Amathole District Municipality
Consolidated Annual Financial Statements
Accounting Policies
for the year ended 30 June 2013

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. These major components are depreciated separately over their useful lives.

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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent to initial recognition, certain classes of property, plant and equipment are measured using the revaluation model. Application of the revaluation model results in carrying classes of property, plant and equipment at re-valued amounts. Depreciation for these classes of property, plant and equipment is adjusted proportionately for the revaluation increases and decreases upon revaluation of the items of property, plant and equipment. Revaluation increases / decreases are recognised in the revaluation reserve within the Statement of Changes in Net Assets. Where the revaluation model is applied, it is done so consistently for the entire class of assets. The following classes of property, plant and equipment are measured using the revaluation model:

Asset class
Land and buildings

Subsequent expenditure

Where the municipality 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.

Depreciation

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

The annual depreciation rates are based on the following estimated asset useful lives:

Land & Buildings	Useful Life Range in Years
<i>Buildings</i>	30
<i>Land</i>	<i>Indefinite Life</i>
Infrastructure Assets	Useful Life Range in Years
<i>Roads and Paving</i>	10 – 30
<i>Sewerage Mains & Purification Works</i>	15 – 20
<i>Water Supply & Reticulation</i>	5– 30
Other Assets	Useful Life Range in Years
<i>Bins & Containers</i>	5 - 10
<i>Emergency & Medical Equipment</i>	5 - 15
<i>Specialised vehicles</i>	3 - 20
<i>Vehicles</i>	5
<i>Office Equipment</i>	3 - 7
<i>Furniture & Fittings</i>	7 - 10
<i>Specialised plant and equipment</i>	5 - 15
<i>Security Systems</i>	3 - 5
<i>Computer Hardware</i>	3 - 5
<i>Other items</i>	2 - 5
Community Assets	Useful Life Range in Years
<i>Libraries</i>	30
<i>Buildings</i>	30
<i>Community Centres</i>	30
<i>Recreational Facilities</i>	20
<i>Parks and gardens</i>	30
Finance Lease Assets	Useful Life Range in Years
<i>Office Equipment</i>	3 - 5

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.
The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

Impairments

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

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

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.

Infrastructure assets

The determination of the fair value of water infrastructure assets is based upon assumptions and professional judgments applied by consulting engineers using the best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the infrastructure asset register:

The construction year is estimated using sources in the following order of precedence: available technical recording, interviewing of operations staff and comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be on the first of 1st day of January in the year of construction.

The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.

The depreciation is therefore assumed to be straight line for all infrastructure assets.

The residual value of civil infrastructure assets is negligible as there is no open market for materials used in civil infrastructure and the realisable value is very small. The scrap value of mechanical and electrical plant is also negligible.

To calculate the asset value at 1 July 2006, the current replacement cost at 30 June 2011 was indexed back using SA Building and construction Index. The last 12 months index figures were not available from the Department and industry, so the Service Providers index tracking published on its internal website was used to update the indices.

The remaining useful life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes, the assessment is based on the age of the pipes and information on performance from operations staff.

14 INTANGIBLE ASSETS

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. 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:

- a) The municipality intends to complete the intangible asset for use or sale.
- b) It is technically feasible to complete the intangible asset.
- c) The municipality has the resources to complete the project.
- d) It is probable that the municipality will receive future economic benefits or service potential.
- e) The municipality has the ability to measure reliably the expenditure during development.

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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

Amortisation and impairment

Amortisation is charged to write off the cost 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:

Intangible	Useful Life Range in Years
Computer Software	3

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. Amortisation shall commence when the asset is available for intended use. Amortisation of the asset begins when the development is complete and the asset is available for use.

The amortisation period, the amortisation method and residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The residual value of intangible assets is estimated to be nil.

Impairments

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 performed 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.

The municipality does not hold any intangibles with indefinite useful lives.

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 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.

15 INVESTMENT PROPERTY

Initial recognition and measurement

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property.

Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

Subsequent measurement

Cost model

Investment property is measured using the cost model. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary.

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

Investment Property	Useful Life Range in Years
Investment Property	30
Land	Indefinite Life

Investment property includes land held with an undetermined use. This land is recognised at fair value on the date of recognition.

The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year-end.

Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property 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.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

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

16 IMPAIRMENT OF CASH-GENERATING ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash generating assets.

Identification and recognition

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

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 in order to determine the extent of the impairment loss (if any).

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. Cash-generating units shall be identified consistently from period to period for the same asset or types of assets, unless a change is justified.

Measurement

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash-generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash-generating unit.

An asset is part of a cash-generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount or recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount.

That reduction is an impairment loss.

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

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

For cash-generating assets the value in use is determined as a function of the discounted future cash flows from the asset.

In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

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.

The 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.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future prices that could be achieved in an arm's length transaction in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and

- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.
Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating asset of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment losses

The municipality assesses at each reporting date whether there is any indication that an impairment loss is recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating asset is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for the individual assets. No part of the amount of such a reversal is allocated to a non-cash generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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).

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

Identification and recognition

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

Measurement

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

Where the asset is a non-cash generating asset the value in use is determined through one of the following approaches:

- Depreciated replacement cost approach – The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.
- Restoration cost approach - Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.

- Service units approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state.
The decision as to which approach to use is dependent on the nature of the identified impairment.

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 it is a requirement in the Standard 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.

Reversal of an impairment loss

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

17 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

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 and free or subsidised goods or services such as housing, cars and cell phones), are recognised in the period in which the service is rendered and are not discounted.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

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.

The expected cost bonus payments are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post employment benefits

Post-employment benefits are employee benefits which are payable after the completion of employment.

The municipality provides retirement benefits for its employees and councillors.
Defined Contribution plans are post-employment benefit plans, under which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined Benefit plans are post-employment plans other than Defined Contribution plans. The Defined Benefit funds, which are administered on a provincial basis are actuarially valued tri-annually on the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

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

Multi-employer plans

The municipality classifies a multi-employer plans as a defined contribution plan or defined benefit plan under the terms of the plan. Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

Defined benefit plans

Pursuant to the municipality's obligation to fund the post employment benefits provided through a defined benefit plan, the municipality recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the municipality recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the municipality recognises as defined benefit asset. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the municipality nor can they be paid directly to the municipality.

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration (further detail is available in Note 35) "Post employment benefits"

Plan assets included in the defined benefit plan asset or liability recognised are measured at their fair values. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of any defined benefit asset recognised is limited to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The plan liabilities are measured at the present value of the future benefits payable. This present value of the plan liabilities is determined through actuarial valuation techniques.

Actuarial valuations are conducted on an annual basis by independent actuaries for each plan using the projected unit credit method. The results of the valuation are updated for any material transactions and other material changes in circumstances up to the reporting date.

Actuarial gains and losses, which can arise from differences between the expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in surplus or deficit in the reporting period in which they occur.

Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating surplus. The expected return on plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions are unbiased and mutually compatible. Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan if any.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

Medical Aid: Continued Members

The municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff.

According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the member is liable for 40% of the medical aid membership fee, and the municipality for the remaining 60%.

Assumptions about medical costs take into account estimated future changes in cost of medical services, resulting from both inflation and specific changes in medical costs.

Actuaries are used to determine the obligation on an annual basis.

The actuarial gain or loss is recognised in surplus or deficit.

Other Long Term Employee Benefits

The municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method has been used to value the obligation. Actuarial gains and losses on the long term incentives are accounted for in surplus or deficit.

The municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive.

18 LEASES

The municipality as Lessee

Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

Derecognition

The finance lease liabilities are derecognised when the municipality's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the municipality no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the municipality's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the municipality no longer anticipates economic benefits to flow from the asset.

The municipality as Lessor

Recognition

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition

Operating lease liabilities are derecognised when the municipality's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the municipality's right to the underlying cash flows expire or the municipality no longer expects economic benefits to flow from the operating lease asset.

19 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits 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.

Provisions are reviewed at each 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. If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where applicable, the risk of the liability.

The impact of the periodic unwinding of the discount is recognised in surplus or deficit as a finance cost.

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.

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.

Contingent assets and contingent liabilities are not recognised. 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.

20 REVENUE

Revenue is measured at the fair value of the consideration received or receivable, net of indirect taxes, rebates and trade discounts, and consists primarily of grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the municipality; the municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold; the amount can be measured reliably; and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.

Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrues to the municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) 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.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

An estimate for revenue is raised for manual billing and for the period between the last meter reading and the financial year end.

Specific exchange-revenue sources:

Services

Service income is recognised on an invoice basis.

Service charges relating to water are based on consumption. 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 arising from the consumption water in the month of June is fully accounted for whether invoiced or not.

Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

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.

Revenue arising from fire services is based on set basic tariffs.

Interest

Interest is recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilized conditional grants is allocated to the creditor, if grant conditions indicate that interest is payable to the funder.

Rentals

Rental income arising on investment properties, facilities and equipment is accounted for on a straight-line basis over the lease terms on ongoing leases.

Sale of goods

Revenue from the sales of goods is recognised when the risk and rewards of ownership is passed to the consumer.

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

- the municipality has transferred to the buyer 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 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

Services rendered

Revenue from services rendered is recognised with reference to the stage of completion of the service being rendered when the outcome of the transaction can reliably be estimated.

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.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

Expenditure from Exchange Transactions

The accounting policy for expenditure arising from exchange-transactions is similar to the policy for exchange revenue.

Revenue from Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions.

Revenue from non-exchange transaction arises when the municipality either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Specific non-exchange-revenue sources

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

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

Fines are recognised when it is probable that future economic benefits will flow to the municipality, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses.

Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

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.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

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

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 transactions recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that 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 in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfying the definition of an asset when the municipality controls the resources as a result of a past event and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfying the criteria for recognition as an asset when it is probable that an inflow of resources will occur and the fair value can be reliably measured.

The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes but not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine the taxable event are for the various taxes levied.

The taxable event for Value Added Tax is the undertaking of taxable activity during the tax period by the tax payer.

Taxation revenue is determined at a gross amount. It is not reduced by expenses paid through the tax system.

Expenditure relating to Non-Exchange Transactions

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

21 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised.

Grants without any conditions attached are recognised as revenue when the asset is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the municipality's interest, it is recognised as interest earned in surplus or deficit.

22 CONDITIONAL GRANTS AND RECEIPTS

Government grants and other grants are recognised as revenue when:

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

Income received from conditional grants, donations and subsidies are recognised 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 and funds invested until it is utilised.

Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

23 FOREIGN CURRENCY TRANSACTION

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed.

Transactions in foreign currency are accounted for at the spot rate of the exchange ruling on the date of the transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

24 SURPLUS OR DEFICIT

Gains and Losses

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance.

Income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP.

25 VALUE ADDED TAX

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

26 TAXATION

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax is recognised as income or an expense and included in surplus or deficit for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside surplus or deficit, directly in equity, or a business combination.

27 COMMITMENTS

A commitment is the municipality's intention to commit to an outflow of its resources embodying economic benefits. The municipality is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date. Approved but not yet contracted commitments represent expenditure that has been approved and the contract is awaiting finalisation at the reporting date.

28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, 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 income in the Statement of Financial Performance.

29 IRREGULAR EXPENDITURE

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

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

31 RECOVERY OF UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income.

32 POST-REPORTING DATE EVENTS

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

33 RELATED PARTIES

The municipality has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the municipality and one or more related parties, and those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual municipality or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting municipality's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

Information about such transactions is disclosed in the financial statements.

The municipality has a related party relationship with its subsidiary Amathole Economic Development Agency (PTY) Ltd t/a ASPIRE. Subsidiaries are entities controlled by the municipality. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the municipality controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the municipality and are no longer consolidated from the date the effective control ceases.

Related party transactions are conducted on an arms length basis with terms comparable to transactions with third parties.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee Members, Municipal Manager and Executive Directors.

1. PROPERTY, PLANT AND EQUIPMENT

1.1. Reconciliation of Carrying Value
 MUNICIPALITY

	Land	Buildings	Infrastructure	Community	Other Assets	Finance lease Assets	Total
	R	R	R	R	R	R	
As at 1 July 2012	4 570 962	23 433 890	2 695 919 906	7 079 151	61 684 453	512 227	2 793 200 588
Cost	1 386 107	11 318 301	3 085 089 907	8 543 332	114 125 002	3 478 455	3 223 941 103
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Correction of error	-	-	-	-	-	-	-
Accumulated depreciation	-	(3 379 438)	(389 170 000)	(1 464 181)	(52 440 548)	(2 966 228)	(449 420 396)
Acquisitions	-	167 382	189 442 264	-	36 116 469	345 302	226 071 417
Capital under Construction	-	-	323 501 067	-	-	-	323 501 067
*Transfer In / (Out)	-	-	(61 110 815)	61 110 815	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(693 791)	(81 171 365)	(190 400)	(14 999 358)	(161 359)	(97 216 273)
based on cost	-	(693 791)	(81 171 365)	(190 400)	(14 999 358)	(161 359)	(97 216 273)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	(1 313 765)	-	(745 284)	-	(2 059 049)
Cost/revaluation	-	-	(2 336 475)	-	(3 955 495)	-	(6 291 970)
Accumulated depreciation	-	-	1 022 710	-	3 210 211	-	4 232 921
Carrying values	4 570 962	22 907 481	3 065 267 292	67 999 566	82 056 279	696 170	3 243 497 751
As at 30 June 2013	4 570 962	22 907 481	3 065 267 292	67 999 566	82 056 279	696 170	3 243 497 751
Cost	1 386 107	11 485 683	3 534 585 948	69 654 147	146 285 975	3 823 757	3 767 221 617
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Accumulated depreciation	-	(4 073 229)	(469 318 656)	(1 654 581)	(64 229 696)	(3 127 587)	(542 403 750)
Cost	-	(4 073 229)	(469 318 656)	(1 654 581)	(64 229 696)	(3 127 587)	(542 403 750)
Revaluation	-	-	-	-	-	-	-

* These are projects that are built for the benefit of the community but are not owned by the municipality.

	Land	Buildings	Infrastructure	Community	Other Assets	Finance Lease Assets	Total
	R	R	R	R	R	R	
Carrying values	4 570 962	21 396 580	2 466 824 407	7 274 288	45 505 886	305 297	2 545 877 420
As at 1 July 2011	4 570 962	21 396 580	2 466 824 407	7 274 288	45 505 886	305 297	2 545 877 420
Cost	1 386 107	8 790 048	2 783 807 576	8 543 332	86 572 001	3 231 221	2 892 330 285
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Correction of error	-	-	(4 908 965)	-	-	-	(4 908 965)
Transfers in/(out)	-	-	-	-	-	-	-
Accumulated depreciation	-	(2 888 495)	(312 074 204)	(1 269 044)	(41 066 115)	(2 925 924)	(360 223 782)
Acquisition	-	83 253	232 496 362	-	25 677 945	247 234	258 504 794
Capital under construction	-	2 445 000	80 386 036	-	-	-	82 831 036
Transfers in/(out)	-	-	(7 267 007)	-	-	-	(7 267 007)
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(490 943)	(74 395 817)	(195 137)	(12 907 002)	(40 304)	(88 029 203)
based on cost	-	(490 943)	(74 395 817)	(195 137)	(12 907 002)	(40 304)	(88 029 203)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(520 671)	-	(520 671)
Cost/revaluation	-	-	-	-	(2 053 239)	-	(2 053 239)
Accumulated depreciation	-	-	-	-	1 532 568	-	1 532 568
Impairment losses	-	-	-	-	-	-	-
Carrying values	4 570 962	23 433 890	2 695 919 906	7 079 151	61 684 453	512 227	2 793 200 587
As at 30 June 2012	4 570 962	23 433 890	2 695 919 906	7 079 151	61 684 453	512 227	2 793 200 587
Cost	1 386 107	11 318 301	3 084 514 002	8 543 332	110 196 707	3 478 455	3 219 436 904
Correction of error	-	-	575 904	-	3 928 295	-	4 504 199
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Accumulated depreciation	-	(3 379 438)	(389 170 000)	(1 464 181)	(52 440 548)	(2 966 228)	(449 420 396)
Cost	-	(3 379 438)	(386 470 022)	(1 464 181)	(52 440 548)	(2 966 228)	(446 720 419)
Correction of error	-	-	(2 699 978)	-	-	-	(2 699 979)
Revaluation	-	-	-	-	-	-	-

Amathole District Municipality
Consolidated Annual Financial Statements
Notes to the Annual Financial Statements
for the year ended 30 June 2013

1.2. Reconciliation of Carrying Value
GROUP

	Land	Buildings	Infrastructure	Community	Other Assets	Finance Lease Assets	Total
	R	R	R	R	R	R	R
As at 1 July 2012	4 570 962	23 433 890	2 695 919 906	7 079 151	62 086 308	512 227	2 793 602 444
Cost	1 386 107	11 318 301	3 085 089 907	8 543 332	114 870 787	3 478 455	3 224 686 889
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Correction of error	-	-	-	-	-	-	-
Accumulated depreciation	-	(3 379 439)	(389 169 999)	(1 464 181)	(52 784 479)	(2 966 228)	(449 764 326)
Acquisitions	-	167 382	189 442 264	-	36 234 621	345 302	226 189 569
Capital under Construction	-	-	323 501 067	-	-	-	323 501 067
* Transfer In / (Out)	-	-	(61 110 815)	61 110 815	-	-	-
Impairment	-	-	-	-	(1 951)	-	(1 951)
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(693 791)	(81 171 365)	(190 400)	(15 135 881)	(161 359)	(97 352 796)
based on cost	-	(693 791)	(81 171 365)	(190 400)	(15 135 881)	(161 359)	(97 191 437)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	(1 313 765)	-	(748 765)	-	(2 062 530)
Cost/revaluation	-	-	(2 336 475)	-	(3 966 469)	-	(6 302 944)
Accumulated depreciation	-	-	1 022 710	-	3 217 705	-	4 240 415
Carrying values	-	-	-	-	-	-	-
As at 30 June 2013	4 570 962	22 907 481	3 065 267 292	67 999 566	82 434 333	696 170	3 243 875 806
Cost	1 386 107	11 485 683	3 534 585 948	69 654 147	147 136 988	3 823 757	3 768 072 631
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Accumulated depreciation	-	(4 073 230)	(469 318 656)	(1 654 581)	(64 702 656)	(3 127 587)	(542 876 710)
Cost	-	(4 073 230)	(469 318 656)	(1 654 581)	(64 702 656)	(3 127 587)	(542 876 710)
Revaluation	-	-	-	-	-	-	-

* These are projects that are built for the benefit of the community but are not owned by the municipality.

	Land	Buildings	Infrastructure	Community	Other Assets	Finance Lease Assets	Total
	R	R	R	R	R	R	R
Carrying values	-	-	-	-	-	-	-
As at 1 July 2011	4 570 962	21 396 580	2 466 824 407	7 274 288	45 994 381	305 297	2 546 365 914
Cost	1 386 107	8 790 048	2 783 807 576	8 543 332	87 284 281	3 231 221	2 893 042 565
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Correction of error	-	-	(4 908 965)	-	48 896	-	(4 860 069)
Accumulated depreciation	-	(2 888 496)	(312 074 204)	(1 269 044)	(41 338 796)	(2 925 924)	(360 496 464)
Acquisition	-	83 253	232 496 362	-	25 724 237	247 234	258 551 086
Capital under construction	-	2 445 000	80 386 036	-	-	-	82 831 036
Transfers in/(out)	-	-	(7 267 007)	-	-	-	(7 267 007)
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(490 943)	(74 395 817)	(195 137)	(13 032 091)	(40 304)	(88 113 988)
based on cost	-	(490 943)	(74 395 817)	(195 137)	(13 032 091)	(40 304)	(88 113 988)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(528 513)	-	(528 513)
Cost/revaluation	-	-	-	-	(2 114 921)	-	(2 114 921)
Accumulated depreciation	-	-	-	-	1 586 408	-	1 586 408
Impairment losses	-	-	-	-	-	-	-
Carrying values	-	-	-	-	-	-	-
As at 30 June 2012	4 570 962	23 433 890	2 695 919 906	7 079 151	62 086 308	512 227	2 793 602 444
Cost	1 386 107	11 318 301	3 084 514 002	8 543 332	110 942 493	3 478 455	3 220 182 690
Correction of error	Note 45.1	-	575 904	-	3 928 295	-	4 504 199
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Accumulated depreciation	-	(3 379 439)	(389 169 999)	(1 464 181)	(52 784 479)	(2 966 228)	(449 764 324)
Cost	-	(3 379 439)	(386 470 021)	(1 464 181)	(52 784 479)	(2 966 228)	(447 064 346)
Correction of error	Note 45.1	-	(2 699 978)	-	-	-	(2 699 978)
Revaluation	-	-	-	-	-	-	-

No restriction on title exists on any assets held.

Refer to Appendix B for more detail on property, plant and equipment

Property, plant and equipment pledged as security

No assets were pledged as security during the year under review.

Amathole District Municipality
Consolidated Annual Financial Statements
Notes to the Annual Financial Statements
for the year ended 30 June 2013

1.3 Reconciliation of capital under construction (work in progress)

Costs incurred on the construction of municipal assets included in infrastructure, plant and equipment. Depreciation only commences once the asset is ready for its intended use. An analysis is as follows:

	2012/13 R	Restated 2011/12 R
Balance at beginning of the year	428 526 489	511 355 713
Restatement	-	264 603
Additions	502 112 211	301 620 218
Transfer out for capitalisation	(117 460 887)	(319 796 988)
Restatement of transfer out for capitalisation	-	(57 650 050)
Transfer to non-capitalised expenditure	(61 110 815)	(7 267 007)
Balance at end of year	752 067 000	428 526 489

Compensation received for losses on property, plant and equipment – included in operating surplus

	2012/13 R	Restated 2011/12 R
Other assets: Motor vehicles	667 509	1 641 766
Other assets: Computer equipment	7 243	35 737
Other assets: Computer equipment - ASPIRE	5 298	-
	674 751	1 677 504

1.4 Details of valuations

Land and Buildings

Land and buildings are re-valued independently every 3 -5 years.

All land and buildings have been revalued during the 2009/10 financial year

The effective date of the revaluation was December 2009. The revaluation was performed by an independent valuer Mr. Mark Sanan [Member of the Institute of Valuers], of Messer's Kula Valuation Services. Kula Valuation Services is not connected to the municipality.

The valuation was performed using depreciated replacement values

Compensation from third parties for losses

Insurance payouts to compensate for damaged of PPE

Insurance payouts to compensate for the theft of PPE

	2012/13 R	Restated 2011/12 R
Insurance payouts to compensate for damaged of PPE	667 509	1 641 766
Insurance payouts to compensate for the theft of PPE	12 541	35 737
Total	680 049	1 677 504

Refer to Appendix B for more detail on property, plant and equipment

1.5 Breakdown - Other assets - MUNICIPALITY

Asset type	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	
Total Other Assets	119 935 915	36 461 770	(3 955 495)	152 442 190	(57 739 236)	(15 160 716)	3 210 211	(69 689 741)	82 752 449
Office Equipment	4 022 383	953 363	-	4 975 746	(3 621 839)	(615 309)	-	(4 237 148)	738 597
Computer equipment	15 562 620	1 906 256	-	17 468 876	(11 511 558)	(1 936 112)	-	(13 447 670)	4 021 206
Bins and containers	196 706	10 297	-	207 003	(11 887)	(19 091)	-	(30 978)	176 025
Emergency equipment	173 656	2 424 418	-	2 598 074	(92 531)	(13 927)	-	(106 458)	2 491 616
Furniture and fittings	7 351 999	3 050 973	(5 300)	10 397 672	(4 491 056)	(700 203)	505	(5 190 754)	5 206 917
Plant and Equipment	10 883 029	7 851 596	(119 500)	18 615 125	(8 750 839)	(1 459 150)	95 365	(10 114 624)	8 500 501
Motor vehicles	81 745 522	20 264 867	(3 830 695)	98 179 694	(29 259 526)	(10 416 923)	3 114 342	(36 562 108)	61 617 586

1.5 Breakdown - Other assets - GROUP

Asset type	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	
Total Other Assets	120 682 294	36 579 923	(3 966 469)	153 295 749	(58 083 758)	(15 299 191)	3 217 704	(70 165 244)	83 130 504
Office Equipment	4 068 413	970 530	(1 089)	5 037 854	(3 648 968)	(623 219)	1 089	(4 271 097)	766 756
Computer equipment	15 902 767	1 984 011	(5 825)	17 880 953	(11 746 025)	(2 013 552)	2 410	(13 757 167)	4 123 786
Bins and containers	196 706	10 297	-	207 003	(11 887)	(19 091)	-	(30 978)	176 025
Emergency equipment	173 656	2 424 418	-	2 598 074	(92 531)	(13 927)	-	(106 458)	2 491 616
Furniture and fittings	7 712 201	3 074 204	(9 360)	10 777 045	(4 573 982)	(753 329)	4 499	(5 322 812)	5 454 233
Plant and Equipment	10 883 029	7 851 596	(119 500)	18 615 125	(8 750 839)	(1 459 150)	95 365	(10 114 624)	8 500 501
Motor vehicles	81 745 522	20 264 867	(3 830 695)	98 179 694	(29 259 526)	(10 416 923)	3 114 342	(36 562 108)	61 617 586

1.6 Capitalised expenditure

MUNICIPALITY			GROUP	
2012/13	Restated 2011/12		2012/13	Restated 2011/12
R	R		R	R
189 442 264	232 496 362	Infrastructure	189 442 264	232 496 362
167 382	83 253	Land and Buildings	167 382	83 253
-	-	Community	-	-
345 302	247 234	Finance leases	345 302	247 234
36 116 469	25 677 945	Other	36 234 623	25 773 728
226 071 417	258 504 794		226 189 570	258 600 577

1.8 Other information

MUNICIPALITY			GROUP	
2012/13	Restated 2011/12		2012/13	Restated 2011/12
R	R		R	R
8 127 714	-	Value of fully depreciated Property, plant and equipment: Other assets	8 173 210	282 166

2. Investment Property carried at cost

2.1. Reconciliation of Carrying Value

Carrying amount at beginning of year
 Cost
 Correction of error
 Accumulated depreciation and impairment losses

Recognition/derecognition
 Impairment
 Depreciation
 Transfer from owner-occupied property

Carrying amount at end of year
 Cost
 Accumulated depreciation and impairment losses

	Land and buildings	Land and buildings
	R	R
	69 138 415	69 147 253
Cost	69 301 549	64 958 706
Correction of error	-	4 342 843
Accumulated depreciation and impairment losses	(163 134)	(154 296)
Recognition/derecognition	-	-
Impairment	-	-
Depreciation	(8 838)	(8 838)
Transfer from owner-occupied property	-	-
	69 129 577	69 138 415
Cost	69 301 549	69 301 549
Accumulated depreciation and impairment losses	(171 972)	(163 134)

The comparative figure has been corrected refer note 45.1

2.2 Investment property pledged as security

There were no properties pledged as security

Fair value of investment property carried at cost:

The municipality applies the cost model to recognize its investment properties
 Owner-occupied properties have been transferred to investment property at fair value.
 Market valuations were performed by an independent valuer, Mr. Mark Sanan, Professional Associated Valuer, of Messrs Kula Valuation Services are not connected to the entity and have recent experience in location and category of the investment property being valued.
 Effective date of valuation December 2009.

The fair value of the investment property was determined based on current prices in an active market for similar property in the same location and condition. Although these are investment properties there were no leases attached to these properties as ownership of these properties was confirmed in the current financial year.

The carrying amount of the investment property if carried under the fair value model:

Rental income from investment property
 Refer to Note 41.2 for lease commitments

69 842 913	69 842 913
201 426	180 895

3. Intangible Assets

	MUNICIPALITY					
	2013			2012		
	R			R		
Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value	
Computer software - Application software	2 032 368	(2 031 966)	402	2 032 368	(2 031 966)	402
License fees	59 604	(59 604)	-	59 604	(59 604)	-
Total	2 091 972	(2 091 570)	402	2 091 972	(2 091 570)	402

	GROUP					
	2013			2012		
	R			R		
Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value	
Computer software - Application software	2 273 802	(2 176 204)	97 598	2 256 355	(2 097 771)	158 584
License fees	59 604	(59 604)	-	59 604	(59 604)	-
Total	2 333 406	(2 235 808)	97 598	2 315 959	(2 157 375)	158 584

3.1. Reconciliation of intangible assets - 2013

	Opening carrying amount	Additions	Correction of error	Disposals	Amortisation	Total
	R	R	R	R	R	R
Computer software - Application software	402	-	-	-	-	402
	402	-	-	-	-	402

3.2 Reconciliation of intangible assets - 2012

	Opening carrying amount	Additions	Correction of error	Disposals	Amortisation	Total
	R	R	R	R	R	R
Computer software - Application software	17 039	605	-	-	(17 242)	402
	17 039	605	-	-	(17 242)	402

3.1. Reconciliation of intangible assets - 2013: GROUP

	Opening carrying amount	Additions	Correction of error	Disposals	Amortisation	Total
	R	R	R	R	R	R
Computer software - Application software	158 584	18 105	-	(386)	(78 706)	97 598
	158 584	18 105	-	(386)	(78 706)	97 598

3.3 Restrictions to title and pledged as security

No intangible assets pledged as security or restrictions to title.

3.4 Other information

Value of fully amortised Intangible Assets:

Licences

MUNICIPALITY	
2012/13 R	Restated 2011/12 R
1 000	1 000
1 000	1 000
1 000	1 000
1 000	1 000
100%	100%

4. INVESTMENTS

4.1. Investment in municipal entity

Investments in Municipal Entity - cost
Total

Council's valuation of unlisted Investments

Investments in Municipal Entities

Investments in Municipal Entities

Amathole Economic Development Agency (Pty) Ltd t/a ASPIRE

Issued Share Capital (1000 ordinary shares of R1,00 each)

Percentage owned by Council

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

The municipality transfers funds to the entity for operating purposes. No financial benefit accrues to the Agency or the District Municipality.

Refer note 44

4.2 Financial assets - Current investments

Financial Instruments at amortised cost

The following fixed deposit accounts have been classified as financial assets at amortised cost in accordance with GRAP 104: Financial Instruments.

Maturity periods are fixed and range between 3 - 12 months. Average rate of return on investments 5.42% (2012: 5.98%). In accordance with the Municipality's risk management policy deposits are only made with major banks with quality credit standing and limits exposure to any one counter party.

The Municipal Structures Act, Act 117 of 1998, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

No investments were written off during the year.

59 604		59 604	
GROUP			
2012/13 R	Restated 2011/12 R	2012/13 R	Restated 2011/12 R
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
997 795	690 955
<u>10 314</u>	<u>17 176</u>
1 008 109	708 131
8 522	6 893
<u>8 522</u>	<u>6 893</u>
<u>999 587</u>	<u>701 238</u>

5. NON-CURRENT RECEIVABLES

Deposits	997 795
Loans to Local Municipalities	10 314
	<u>1 008 109</u>
Less: Current portion transferred to current assets	8 522
Loans to Local Municipalities	<u>6 893</u>
Total	<u>999 587</u>

Non-current receivables are financial assets which are categorised at amortised cost. The fair values of the loans are estimated to approximate their carrying amounts.

Loans to local municipalities

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. The loans to the local municipalities represents loans to the Winterstrand Recreation Club and the Kei Road Sports Club. The loans currently attract interest at 4% per annum and are repayable over a period of 40 years. These loans will be redeemed by June 2015.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
773 813	588 321
1 193 370	1 317 294
1 663 420	1 440 632
351 826	328 627
<u>3 982 429</u>	<u>3 674 874</u>

6. INVENTORY

Consumable stores: at cost	773 813
Housing projects	1 193 370
Water - own	1 663 420
Water - purchased	351 826
Total Inventory	<u>3 982 429</u>

Housing Projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance. A stock count of inventory on hand was conducted at year end and these quantities have been costed.

Water inventory

Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Consulting engineers were thus appointed to determine the water on hand for each scheme based on the capacity of reservoirs and pipelines.

Amounts recognised as an expense

The following amounts, related to inventory, were recognised in the statement of financial performance during the year:

Consumable stores purchased during the year

Consumable stores issued/consumed in the ordinary course of business during the year

Inventory pledged as security

No inventory pledged as security.

Write-down of inventory

Write-downs to the value of inventory were recognised during the year. The details of these write downs are as follows:

Housing projects

Total

123 924	145 359
<u>123 924</u>	<u>145 359</u>

Raw materials on site for the housing projects were found to be damaged and were not suitable for construction.

GROUP	
2012/13	Restated 2011/12
R	R
997 795	690 955
<u>10 314</u>	<u>17 176</u>
1 008 109	708 131
8 522	6 893
<u>8 522</u>	<u>6 893</u>
<u>999 587</u>	<u>701 238</u>

GROUP	
2012/13	Restated 2011/12
R	R
773 813	588 321
1 193 370	1 317 294
1 663 420	1 440 632
351 826	328 627
<u>3 982 429</u>	<u>3 674 874</u>

GROUP	
2012/13	Restated 2011/12
R	R
4 691 596	2 111 816
(4 506 104)	(2 271 547)
	133 187 129
	(133 145 344)
<u>123 924</u>	<u>145 359</u>
<u>123 924</u>	<u>145 359</u>

7. RECIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Allowance for impairment	Net Balance
Balance as at 30 June 2013	R	R	R
Water	181 066 213	(162 347 818)	18 718 395
Sanitation	125 139 601	(91 439 066)	33 700 535
Interest on arrears component	61 937 650	(43 074 710)	18 862 941
Total Trade and other receivables as at 30 June 2013	368 143 464	(296 861 594)	71 281 870
Balance as at 30 June 2012	R	R	R
Water	70 333 915	(57 957 382)	12 376 533
Sanitation	60 786 249	(53 633 759)	7 152 490
Interest on arrears component	28 819 029	(15 112 513)	13 706 516
Total Trade and other receivables as at 30 June 2012	159 939 192	(126 703 654)	33 235 538

The comparative figure has been restated refer note 45.

The ageing of debtors are as follows:-

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
46 258 874	39 350 755
16 866 553	15 167 396
17 228 984	13 663 393
15 009 895	12 229 135
144 319 670	61 152 526
128 459 488	18 375 987
368 143 464	159 939 192

GROUP	
2012/13	Restated 2011/12
R	R
46 258 874	39 350 755
16 866 553	15 167 396
17 228 984	13 663 393
15 009 895	12 229 135
144 319 670	61 152 526
128 459 488	18 375 987
368 143 464	159 939 192

Water and sanitation

Current (0 - 30 days)
30 - 60 Days
60 - 90 Days
90 - 120 Days
120 - 330 Days
+ 330 Days
Total

Summary of Debtors by Customer Classification

	Total	Domestic	Industrial / Commercial	National and Provincial Government
30 June 2013	R	R	R	R
Current (0 - 30 days)	46 258 874	28 802 227	3 672 351	13 784 296
30 - 60 Days	17 358 271	12 519 149	1 562 669	3 276 453
60 - 90 Days	17 228 984	12 686 387	1 206 904	3 335 694
90 - 120 Days	15 250 040	11 062 763	1 541 080	2 646 196
120 - 330 Days	143 587 806	69 060 558	56 677 133	17 850 116
+ 330 Days	128 459 488	104 313 775	3 952 664	20 193 049
Sub-total	368 143 464	238 444 860	68 612 801	61 085 803
Less: allowance for doubtful receivables	(296 861 594)	(192 275 914)	(55 327 630)	(49 258 049)
Total debtors by customer classification	71 281 870	46 168 946	13 285 171	11 827 754

Summary of Debtors by Customer Classification

	Total	Domestic	Industrial / Commercial	National and Provincial Government
	R	R	R	R
30 June 2012				
Current (0 – 30 days)	39 350 755	28 998 524	2 270 215	8 082 016
30 - 60 Days	15 167 396	9 913 474	842 872	4 411 051
60 - 90 Days	13 663 393	10 297 252	698 912	2 667 229
90 - 120 Days	12 229 135	8 823 032	615 978	2 790 126
120 - 330 Days	61 152 526	41 072 188	4 831 669	15 248 668
+ 330 Days	18 375 988	376 473	11 678 094	6 321 421
Sub-total	159 939 192	99 480 944	20 937 740	39 520 511
Less: allowance for doubtful receivables	(126 703 654)	(80 792 769)	(15 899 735)	(30 011 150)
Total debtors by customer classification	33 235 538	18 688 174	5 038 005	9 509 361

The prior year consumer debtor figure has been restated refer to note 45.2

Section 124 (1) (b) of the MFMA Disclosure

Summary of Debts due by Councillors for service charges

The following Councillors had arrear accounts outstanding for more than 90 days:

Councillor N Nonjaca
Councillor M.J Papu
Councillor TP Dwanya
Councillor M.P.Solani

	2012/13	Restated 2011/12
	R	R
	625	1 773
	1 106	501
	13 832	17 205
	154	-
	15 717	19 479

During the year the following Councillors had arrear accounts outstanding for more than 90 days as at:-

as at 30 June 2013

Councillor T.P. Dwanya
Councillor M.J. Papu
Councillor N. Nonjaca

	Highest Amount Outstanding	Ageing Days
	R	
	17 205	90 plus days
	888	90 plus days
	1 773	90 plus days

Reconciliation of Doubtful Debt Allowance

The municipality's trade receivables are stated after allowances for doubtful receivables based on management's assessment of the debtors' creditworthiness. An analysis of the allowance is as follows:

Balance at beginning of the year
Contributions to allowance
Doubtful debts written off against allowance
Reversal of allowance
Balance at end of year

	2012/13	Restated 2011/12
	R	R
	137 925 838	251 776 424
	171 757 378	157 093 946
	(5 847 228)	(270 944 531)
	-	-
	303 835 988	137 925 838

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 and default or delinquency in payments (more than 30 days overdue) are considered indicators that the consumer debtor is impaired. Total bad debts of R5 847 229 were written off during the year.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

Neither past due nor impaired
Less than 30 days
31 to 60 days
61 to 90 days
91 to 120 days
Greater than 120 days

	2012/13	Restated 2011/12
	R	R
	27 755 325	23 610 453
	3 471 654	3 033 479
	3 445 797	2 732 679
	3 050 008	2 445 827
	33 559 087	1 413 101
	71 281 871	33 235 539

MUNICIPALITY	2012/13	Restated 2011/12
	R	R
	137 925 838	251 776 424
	171 757 378	157 093 946
	(5 847 228)	(270 944 531)
	-	-
	303 835 988	137 925 838

MUNICIPALITY	2012/13	Restated 2011/12
	R	R
	27 755 325	23 610 453
	3 471 654	3 033 479
	3 445 797	2 732 679
	3 050 008	2 445 827
	33 559 087	1 413 101
	71 281 871	33 235 539

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
18 503 550	23 610 453
13 886 617	12 133 917
13 783 187	10 930 714
250 688 240	80 028 570
296 861 594	126 703 654

Trade and other receivables impaired

The amount of the provision was R271 997 279 as at 30 June 2013 and R126 703 654 as at 30 June 2012.
 The ageing of these receivables is as follows:

1 to 3 months past due	18 503 550
3 to 6 months past due	13 886 617
6 to 9 months past due	13 783 187
More than 9 months past due	250 688 240

GROUP	
2012/13	Restated 2011/12
R	R
18 503 550	23 610 453
13 886 617	12 133 917
13 783 187	10 930 714
250 688 240	80 028 570
296 861 594	126 703 654

Credit quality of trade and other receivables from exchange transactions

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

	2013	2012	
A	17%	29%	Government
B	19%	15%	Businesses
C	65%	56%	Domestic and other

Analysis of table:

- A - The debtors are of good credit quality and no default in payment is expected.
- B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time
- C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Method of determining credit quality of trade and other receivables from exchange transactions:

The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness.

Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief.

The municipality has determined the above credit ratings internally through the consideration of previous payment trends per debtor type.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
11 343 497	15 644 947
11 343 497	15 628 708
-	16 239
-	-
(6 974 392)	(11 222 186)
4 369 106	4 422 761

8. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Sundry receivables	11 976 378
Prepayments	11 976 378
Grants receivable	-
Less: allowance for doubtful debtors	(6 974 392)
Total other receivables	5 001 986

In determining the recoverability of other receivables, the municipality considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.

The fair value of other receivables approximates their carrying amounts.

GROUP	
2012/13	Restated 2011/12
R	R
11 976 378	15 898 788
11 976 378	15 816 566
-	82 222
-	-
(6 974 392)	(11 222 186)
5 001 986	4 676 602

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
-	-
49 605 218	21 864 848
49 605 218	21 864 848

9. VAT

VAT payable

Vat receivable

VAT is paid over to SARS only once payment is received from debtors.
 All VAT returns have been submitted by the due date throughout the year.

GROUP	
2012/13	Restated 2011/12
R	R
-	8 873
-	8 873
50 843 677	21 864 848
50 843 677	21 864 848

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
54 086 085	96 081 761
136 968 369	250 202 515
9 000	9 000
191 063 454	346 293 276
54 086 085	96 081 761
13 585 485	68 975 516
68 975 516	14 877 172
13 585 485	68 975 516
68 975 516	14 877 172
40 500 600	27 106 245
27 106 245	115 810 057
42 594 975	31 045 398
31 045 398	122 153 168
136 968 369	250 202 515
135 898 958	130 202 515
130 202 515	130 516 918
1 069 411	120 000 000
120 000 000	30 000 000
-	-
-	-

10. CASH AND CASH EQUIVALENTS

The cash position at financial year end was made up of the following:

Current Account
 Call Account
 Imprest Account
Total Cash Reserves

SUPPLEMENTARY BANK ACCOUNT INFORMATION

CURRENT ACCOUNTS TOTAL

ABSA BANK

Cash book Closing Balance
 Cash book Opening Balance

Account No 4063093498

East London

5200

Agency

Account No 4064846723

East London

5200

Bank statement Closing balance
 Bank statement Opening balance

STANDARD BANK

Cash book Closing Balance
 Cash book Opening Balance

Account No 081093454

East London

Main Branch

Bank statement Closing balance
 Bank statement Opening balance

CALL ACCOUNTS TOTAL

Call Account

Closing Balance
 Opening Balance

ABSA BANK

Account No 9157439416

Call Account

Closing Balance
 Opening Balance

STANDARD BANK

Account No 88643816001

Call Account

Closing Balance
 Opening Balance

ABSA BANK LIMITED

Account No 88643816001

GROUP	
2012/13	Restated 2011/12
R	R
55 810 752	106 296 557
162 757 312	278 303 358
9 008	10 870
218 577 072	384 610 785
55 810 752	106 296 557
15 310 152	79 190 312
79 190 312	24 303 778
15 309 754	68 975 516
68 975 516	14 877 172
40 500 600	27 106 245
27 106 245	115 810 057
42 594 975	31 045 398
31 045 398	122 153 168
162 757 312	278 303 358
135 898 958	130 202 515
130 202 515	130 516 918
1 069 411	120 000 000
120 000 000	30 000 000
25 788 943	28 100 843
28 100 843	11 355 299

POST EMPLOYMENT BENEFIT INFORMATION

13.1 Provision for post employment health care benefits

The Post Employment Health Care Benefit plan, of which the members are made up as follows:

- In-service (employee) members	1033
- Continuation (retiree, widower and orphan) members	621
- In-service (employee) non-members	88
Total	1742

The liability in respect of past service has been estimated to be as follows:

- In-service members	91 267 591
- Continuation members	35 569 479
Total	126 837 070

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

On retirement of an employee Council has post retirement obligation to contribute 60% to the medical cost of the employee.

13.1.1 Reconciliation of assets and liabilities recognised in the balance sheet

Present value of fund obligations	-
Fair value of plan assets	-

Present value of unfunded obligations

Present Value of Obligations in excess of Plan Assets	
Unrecognised past service cost	-
Unrecognised actuarial gains/(losses)	-
Unrecognised transitional liability	-
Net liability in Balance Sheet	-

The municipality has elected to recognise this full increase in this defined benefit liability immediately.

13.1.2 Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	98 316 522
Current service costs	10 397 646
Expected benefits paid	(1 665 888)
Interest cost	8 600 932
Past service cost	-
Actuarial (gains)/losses	11 187 858
Contributions	-
Present value of fund obligation at the end of the year	126 837 070

MUNICIPALITY	
Number	Number
1033	939
621	511
<u>88</u>	<u>108</u>
1742	1558

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
91 154 486	91 267 591
48 473 377	35 569 479
<u>139 627 863</u>	<u>126 837 070</u>

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
-	-
<u>139 627 863</u>	<u>126 837 070</u>
<u>139 627 863</u>	<u>126 837 070</u>
-	-
-	-
<u>139 627 863</u>	<u>126 837 070</u>

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
126 837 070	98 316 522
12 072 461	10 397 646
(2 901 553)	(1 665 888)
10 183 493	8 600 932
-	-
(6 563 608)	11 187 858
-	-
<u>139 627 863</u>	<u>126 837 070</u>

GROUP	
Number	Number
1033	939
621	511
<u>88</u>	<u>108</u>
1742	1558

GROUP	
2012/13	Restated 2011/12
R	R
91 154 486	91 267 591
48 473 377	35 569 479
<u>139 627 863</u>	<u>126 837 070</u>

GROUP	
2012/13	Restated 2011/12
R	R
-	-
-	-
<u>139 627 863</u>	<u>126 837 070</u>
<u>139 627 863</u>	<u>126 837 070</u>
-	-
-	-
<u>139 627 863</u>	<u>126 837 070</u>

GROUP	
2012/13	Restated 2011/12
R	R
126 837 070	98 316 522
12 072 461	10 397 646
(2 901 553)	(1 665 888)
10 183 493	8 600 932
-	-
(6 563 608)	11 187 858
-	-
<u>139 627 863</u>	<u>126 837 070</u>

13.1.5 Sensitivity results

The liability is particularly sensitive to the real rate of return earned i.e. the difference between the rate of discount and the rate at which medical aid contributions increase. In the table below are calculations at alternative real rates by varying the assumed rate of discount in order to demonstrate the impact on the accrued liability. The sensitivity analysis on current service and interest cost is also summarised on the below table.

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service R	Continuation R	Total R	Percentage change
Central assumption		111 916 000	27 712 000	126 837 000	
	1%	132 159 000	30 204 000	148 383 000	16%
Health care inflation	-1%	94 726 000	25 522 000	109 415 000	-14%
Post retirement mortality	-1 yr	115 253 000	28 925 000	131 180 000	3%
Average retirement age	-1 yr	122 275 000	27 712 000	135 482 000	7%
Withdrawal rate	-50%	121 728 000	27 712 000	133 947 000	7%

Sensitivity Analysis on the Current -service and Interest Cost

Assumption	Change	Current service R	Interest Cost R	Total R	Percentage Change
Central assumption		12 072 500	10 183 500	18 998 500	
	1%	14 907 900	11 932 800	23 148 800	21%
Health care inflation	-1%	9 862 400	8 769 000	15 777 800	-16%
Post retirement mortality	-1 yr	12 437 800	10 536 100	19 577 000	3%
Average retirement age	-1 yr	12 940 100	10 885 400	20 651 400	7%
Withdrawal rate	-50%	13 886 400	10 760 800	21 276 200	11%

13.1.6 Key actuarial assumptions used

	2013	2012
Health Care Cost Inflation rate	8.03%	7.08%
Discount Rate	9.40%	8.12%
Net discount rate	1.27%	0.98%

Assumption	value		
Average retirement age	59 for males, 56 for females		
Continuation of membership at retirement	95%		
proportion assumed married at retirement	95%		
Proportion eligible current non-member employees who will receive the benefit on retirement	50%		
Mortality during employment	SA 85-90		
Mortality post-retirement	PA90-1		
Withdrawal from service		Females	Males
	Age		
	20	10%	15%
	30	10%	7%
	40	7%	4%
	50	3%	1%
	>55	1%	0%

13.2 Provision for retirement gratuity benefits

Employees of Amathole District Municipality participate in the following benefit funds:

- Cape Joint Pension Fund (defined contribution);
- Eastern Cape Gratuity Fund (defined contribution);
- Eastern Cape Municipal Pension Fund (defined contribution);
- Cape Joint Retirement Fund (defined contribution);
- National Fund for Municipal Workers (defined contribution);
- South African Municipal Workers National Provident Fund (defined contribution).
- Government Employees Pension Fund (defined benefit)
- South African Local Authorities Pension Fund (defined benefit)

13.2.2 Multi-employer funds

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post-employment benefit. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds.

The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

Thus, some of the entities defined benefit plans are not treated as defined benefit plans as defined by GRAP 25, but are rather accounted for as defined contribution plans. These are listed under the defined contribution plan heading as a GRAP 25 Exception

This is in line with the exemption in GRAP 25 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years.

Defined contribution (DC) Multi-employer plans

The table below reflects the municipality's contributions paid to the Defined Contribution plans for the year.

Full Name of Multi - Employer Plan	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2013
Cape Retirement Fund (CRF)	1 116	R 46 056 897
SAMWU National Provident Fund (SNPF)	168	R 4 075 796
National Fund for Municipal Workers	14	R 437 284
Cape Joint Pension Fund	6	R 173 664
Eastern Cape Gratuity Fund	2	R 63 326
Eastern Cape Municipal Pension Fund	2	R 19 559
		R 86 057
TOTAL		R 50 912 582

Defined benefit (DB) Multi-employer plans

Sufficient information is not available in respect of these multi-employer DB plans to enable full DB accounting disclosure because:

- Plan assets are held as one portfolio and not notionally allocated to each participating employer
- Similarly, the plans' financial statements are not constructed separately for each participating employer, but rather in respect of the whole plan including all the participating employers.
- Contribution rates do not usually vary by participating employer

The table below reflects the municipality's contributions to these Defined Benefit (DB) plans for the year.

Multi - Employer Plan	Number of the Municipality's employees belonging to the plan	Total number of active members per the Plan's most recent valuation report	Amount of contributions paid by the Municipality for the year ending 30 June 2013	Date of most recently available actuarial valuation report	Funding level
GEPF	80	1 235 064	R 1 766 614	31/03/2010	100.0%
SALA PF	14	18 526	R 416 778	01/07/2012	98.1%
Cape Joint Pension Fund (CJPF)	8	1 222	R 377 562	30/06/2011	98.1%
TOTAL			R 2 560 954		

Key Assumptions

Multi - Employer Plan	Gross discount rate	Salary inflation	Net post -ret discount rate
GEPF	10.70%	6.70%	5.80%
SALA PF	10.75%	7.00%	5.75%
Cape Joint Pension Fund (CJPF)	9%	6.00%	5.52%
TOTAL			

Further information for each plan follows below:

GEPF (Government Employees Pension Fund)

The funding level of the GEPF was 100% as at the 31 March 2010 valuation date compared with a deficit of 91.5% as at the 31 March 2009. Part of this increase in funding level is attributable to a weaker valuation basis (with respect to the economic assumptions) as at 31 March 2010. The plan is holding reserves at 19% of what would be in line with the long term funding level per the Board of Trustees adopted GEPF Funding Policy.

The basis for calculating the required future employer contribution rate has also been changed since the previous valuation by including a 5% equity risk premium. This has resulted in a lower required contribution rate comprised (for the two groups of employees) as follows:

	Employee Category	
	Services	Other
Basic employer contribution rate required as at the valuation date:	18.00%	13.00%
Adjustment resulting from including the 5% equity risk premium:	(4.90%)	(3.80%)
Adjusted employer contribution rate required as at the valuation date:	13.10%	9.2%
Actual contribution rate at valuation date recommended to be maintained:	(16.00%)	(13.00%)
(Excess)/Shortfall between actual and required contribution rates:	(2.90%)	(3.80%)

The valuation actuaries recommend that the employers participating in the GEPF be made aware of the following:

- The use of this equity risk premium in determining the contribution rate is a "risk budgeting exercise".
- The higher the equity risk premium, the lower the required (adjusted) contribution rates, but the higher the risk of requiring additional contributions in future should the Plan's experience be worse than assumed.

SALA PF (South African Local Authorities Pension Fund)

There is a defined contribution section in this Plan (17% of the active membership).

The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2012 be maintained at 19.18%. This includes a margin of 3.92% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs. The valuation actuary stated that the margin in the contribution rate remains necessary to build up a solvency reserve.

CJPF (Cape Joint Pension Fund)

The funding level of the CJPF Defined Benefit section was 98.1% as at the 30 June 2011 valuation date compared with a 100% funding level as at 30 June 2010. The valuation actuary recommended a total contribution rate of 32.40% which was in excess of the 27.0% contribution rate prevailing as at 30 June 2011.

An amount of R53.4 million (2012: R32.7 million) was contributed by Council towards councillor and employee retirement funding. These contributions have been expensed

Refer note 27

13.3 Provision for ex-gratia benefits

13.3.1 Eligible employees

	Female	Male	Total
Number of pensioners	2	7	9
Average Annual pension - R	2314	5341	4669
Pension-weighted average age	73	87.2	85.6

13.3.6 Sensitivity analysis on the unfunded accrued liability

Assumption	Change	Liability	% Change
		R	
Central assumptions		181 228	
Discount rate	+1%	174 631	-4%
	-1%	188 422	4%
Post-retirement mortality	-1 year	189 546	5%

The table above indicates, for example, that if the discount rate is 1% greater than the long-term assumption made, the liability will be 4% lower

13.3.7 Sensitivity analysis on the interest cost for the year

Assumption	Change	Liability	% Change
		R	
Central assumptions		9 772	
Discount rate	+1%	11 027	13%
	-1%	8 397	-14%
Post-retirement mortality	-1 year	10 276	5%

13.3.8 Key actuarial assumptions used

Assumption	Value p.a	Value p.a
Discount rate	6.38%	5.55%
Mortality in retirement	PA(90)-1	PA(90)-1

13.4 Provision for long service benefits

An actuarial valuation has been performed of the municipality's liability for long service benefits relating to long service awards to which employees may become entitled to.

The municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive. This provision is the present value of the total long service awards expected to become payable under the municipality's current arrangements and based on the actuarial assumptions made. The municipality has elected to recognise the provision in full.

Summary of eligible employees

	Female	Male	Total
Number of eligible employees	551	991	1542
Average annual salary	R 169 393.00	R 141 310.00	R 151 345.00
Salary-weighted average age	37.8	42.2	40.4
Salary-weighted average past service	5.6	7.2	6.5

The municipality offers employees Long service awards for every 5 years of service completed, from five years of service to 45 years of service, inclusive.

Table of benefit awards

Completed Service (in years)	Long Service Bonuses (% of annual salary)	Description
5	3.90%	(5/260+2%) x annual salary
10	6.80%	(10/260+2%) x annual salary
15	9.80%	(15/260+2%) x annual salary
20	10.80%	(15/260+2%) x annual salary
25, 30, 35, 40, 45	11.80%	(15/260+2%) x annual salary

In the month that each completed service milestone is reached, the employee is granted a long service award. Working days awarded are valued at 1/260th of annual salary per day.

Retirement gifts are awarded to all employees who retire at age 65. According to the Municipality, only 3% of employees are expected to receive the retirement gift, since the majority retire earlier.

The value of the retirement gift was given at the last valuation as:

- R 1,730 for employees with under twelve years of total service at retirement

- R 3,240 for employees with twelve or more years of total service at retirement

These values have been assumed to increase by 6.84% since the last valuation. The value of the retirement gift is assumed to increase in line with CPI inflation in the future.

13.4.1 Employee related costs

- current service cost
- interest cost

MUNICIPALITY	
2012/13	Restated 2011/12
R	R

GROUP	
2012/13	Restated 2011/12
R	R

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
3 421 564	2 766 721
2 810 237	2 174 068
611 327	592 653

GROUP	
2012/13	Restated 2011/12
R	R
3 421 564	2 766 721
2 810 237	2 174 068
611 327	592 653

13.4.7 Key actuarial assumptions used

Financial assumptions	2013	2012
Discount Rate	7.06%	6.17%
General salary inflation (long term)	6.73%	5.97%
Net effective discount rate	0.31%	0.19%

Salaries used in the valuation include an increase on 1 July 2013 of 6.84% as per SALGBC circular no. 4/2013.

Demographic assumptions

Average retirement age	59 for males and 56 for females		
Mortality during employment	SA85-90		
Withdrawal from service	Age	Rate	
		Female	Male
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	55	0%	0%

13.4.8 Sensitivity analysis

Accrued liability

Assumption	Change	Liability R Millions	% change
Central assumptions		13 461	
	+1%	14 237	6%
General salary inflation	-1%	12 754	-5%
	-2yrs	12 122	-10%
Average retirement age	+2yrs	14 855	10%
Withdrawal rates	-50%	16 759	24%

The table above indicates, for example, that if salary inflation is 1% greater than the long-term assumption made, the liability will be 6% higher.

Current service and interest costs

Assumption	Change	Current service cost	Interest cost	Total	% change
Central assumptions		2 810 200	611 300	3 421 500	
	+1%	2 962 100	649 500	3 611 600	6%
General salary inflation	-1%	2 673 000	576 600	3 249 600	-5%
Average retirement age	-2yrs	2 625 800	545 600	3 171 400	-7%
	+2yrs	2 989 000	683 000	3 672 000	7%
Withdrawal rates	-50%	3 587 500	774 600	4 362 100	27%

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
1 943 650	1 772 978
<u>1 943 650</u>	<u>1 772 978</u>

GROUP	
2012/13	Restated 2011/12
R	R
1 943 650	1 772 978
<u>1 943 650</u>	<u>1 772 978</u>

14. CONSUMER DEPOSITS

Consumer deposits

The consumer deposits relate to the water and sanitation function. The municipality does not have an unconditional right to defer the payment of the consumer deposits. Deposits are released when the owner/occupant of a property terminates the contract with the municipality to supply water and electricity to the property, or when certain contractual services are delivered.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
130 000	130 000
<u>130 000</u>	<u>130 000</u>

GROUP	
2012/13	Restated 2011/12
R	R
130 000	130 000
<u>130 000</u>	<u>130 000</u>

14.1 Guarantees held in lieu of Electricity and Water Deposits

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
65 629 594	96 541 212
3 606 801	4 816 998
18 562 877	12 981 134
9 648 058	11 372 121
9 924 296	10 790 967
4 459 468	4 826 418
24 806 318	18 036 836
9 599 700	8 064 263
146 237 113	167 429 949

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	
Consumer debtors with credit balances	
Retentions payable	
Accruals	
Other payables	
Amounts received in advance: Water and sanitation	
Accrued leave pay	15.1
Accrued service bonus	15.2
Total payables	

GROUP	
2012/13	Restated 2011/12
R	R
65 629 594	96 541 212
3 606 801	4 816 998
18 562 877	12 981 134
9 648 058	11 372 121
18 248 492	10 807 290
4 459 468	4 826 418
25 249 318	18 566 034
9 599 700	8 064 263
155 004 309	167 975 470

The prior year figure for Staff leave accrual has been restated in terms of GRAP 25: Employee benefits.
 Refer to note 45.2

Fair value of trade and other payables

Trading creditors are non-interest bearing and are normally settled on 30-day terms.
 Retentions are non-interest bearing and are settled in terms of the contract agreement.
 Management policies are in place to ensure that all payables are paid within a reasonable timeframe.

Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.
 The carrying amount of trade payables approximates their fair value due.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
18 036 836	14 202 403
15 958 427	10 686 224
(9 188 944)	(6 851 791)
24 806 319	18 036 836

The movement on the leave accrual and service bonus accrual balances as above for the 2013 financial year were as follows:

15.1 Accrued Leave Pay

Opening Balance	
Plus: Contributions during the year	
Leave sold during the year	
Total leave accrual	

GROUP	
2012/13	Restated 2011/12
R	R
18 566 034	14 202 403
16 401 427	11 215 422
(9 188 944)	(6 851 791)
25 778 517	18 566 034

Staff leave accrual

The leave accrual is based on the total number of accrued days at the reporting date.
 The full amount of the leave liability is recognised as an accrual as the municipality does not have an unconditional right to defer settlement of its leave liabilities and its policies allow leave to be carried forward or paid out without any restrictions. Hence the timing and amount are certain.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
8 064 263	6 125 249
25 376 346	14 113 985
(23 840 909)	(12 174 971)
9 599 700	8 064 263

15.2 Accrued Service Bonus

Opening balance	
Additional provision	
Amounts utilised	
Unused amounts reversed	
Carrying amount at end of the year	

GROUP	
2012/13	Restated 2011/12
R	R
8 064 263	6 125 249
25 376 346	14 113 985
(23 840 909)	(12 174 971)
9 599 700	8 064 263

The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year. The municipality has an obligation to pay a service bonus in terms of its condition of employment.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
5 287 518	-
5 287 518	-

16. TAXES AND TRANSFERS

Taxes and transfers payable (Non-Exchange)	
Total Taxes and transfers payable	

GROUP	
2012/13	Restated 2011/12
R	R
5 287 518	-
5 287 518	-

This amount represents PAYE for the month of June 2013 that was paid in July 2013.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
1 195 401	1 044 604
2 120 240	1 702 783
3 315 641	2 747 387

17. CURRENT PROVISIONS

Performance bonus	17.1
Provision: Post-employment benefit	17.2
Total provisions	

Performance bonuses

The uncertainties noted for the provision for Performance Bonus are as follows:

Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the reporting date.

The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2012/13 financial year, however this is subject to change once the assessments have been finalised.

Long service award

The uncertainties noted for the current portion of long service awards are as follows:

The current portion of the long service award has calculated by independent actuaries that have performed a valuation for the long service award provision. Refer note 15.4 for assumptions used.

The prior year comparative figure for provisions has been restated by the amount of the current portion of the long service award being shown separately from the long term portion. **Refer note 45.2**

The movement in current provisions are reconciled as follows: -

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
1 044 604	905 453
1 195 401	1 044 604
(552 232)	(642 929)
(492 371)	(262 524)
1 195 401	1 044 604

17.1 Performance Bonus

Opening balance	
Additional provision	
Amounts utilised	
Unused amounts reversed	
Carrying amount at end of the year	

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
1 702 783	1 434 381
417 457	268 402
2 120 240	1 702 783

17.2 Long Service Award

Opening balance	
Additional provision	
Carrying amount at end of the year	

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
150 891 038	92 033 572
82 153 562	69 772 484
3 267 755	3 142 306
236 312 355	164 948 362

18. SERVICE CHARGES

Sale of water	
Sewerage and sanitation charges	
Fire Services	
Total service charges	

Service charges are reflected at an amount net of subsidy to indigents amounting to R3,343,058 (2012: R3,457,806) for both water and sanitation.

GROUP	
2012/13	Restated 2011/12
R	R
1 699 462	1 354 432
2 120 240	1 702 783
3 819 702	3 057 215

GROUP	
2012/13	Restated 2011/12
R	R
1 354 432	1 234 662
1 389 634	1 044 604
(552 232)	(662 310)
(492 371)	(262 524)
1 699 462	1 354 432

GROUP	
2012/13	Restated 2011/12
R	R
1 702 783	1 434 381
417 457	268 402
2 120 240	1 702 783

GROUP	
2012/13	Restated 2011/12
R	R
150 891 038	92 033 572
82 153 562	69 772 484
3 267 755	3 142 306
236 312 355	164 948 362

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
355 842 708	313 407 860
227 567 292	203 595 140
102 359 321	58 236 552
13 129 493	40 280 001
32 940 000	-
439 709 767	259 232 947
1 171 548 580	874 752 500

19. GOVERNMENT GRANTS AND SUBSIDIES

Equitable share
Levy replacement grant
Conditional Grants: Conditions met - transferred to revenue
Other government grants and subsidies
Neighbourhood Development Grant
MIG grant
Total Government Grants and Subsidies

GROUP	
2012/13	Restated 2011/12
R	R
355 842 708	313 407 860
227 567 292	203 595 140
111 526 257	138 172 381
13 129 493	40 280 001
73 891 817	-
439 709 767	259 232 947
1 221 667 333	954 688 329

19.1 Unconditional grants

19.1.1 Equitable Share

This grant is used to subsidise the following functions:

Water Service Provider
 Water Service Authority
 Engineering Services
 Disaster Management
 Health & Protection Services
 Fire service
 Building & Services Planning
 Municipal Manager
 Project Management Unit

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 which is funded from the grant.

19.1.2 Levy Replacement Grant

Regional Services Council levies were abolished during June 2006. This grant is used to subsidise the operations of the District Municipality due to the significant change in funding.

19.2 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
169 834 335	120 996 939
463 564 650	392 771 520
(2 826 216)	-
(542 069 088)	(343 934 122)
88 503 680	169 834 335

19.3 Unspent Conditional Grants and Receipts

Balance unspent at beginning of year
Current year receipts
Returned to funder
Less: Expenditure including declined roll-over
Condition still to be met-remain as liabilities

GROUP	
2012/13	Restated 2011/12
R	R
202 743 345	139 357 205
502 108 670	487 381 791
(2 826 216)	-
(591 858 350)	(423 995 651)
110 167 449	202 743 345

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
21 728 921	75 476 384
65 144 971	92 494 409
1 629 788	1 863 546
88 503 680	169 834 335

National Government Grants
Provincial Government Grants
Other Grant Providers
Total Unspent Conditional Grants and Receipts

For details refer to Annexure 1

GROUP	
2012/13	Restated 2011/12
R	R
21 728 921	75 476 384
65 144 971	92 494 409
23 293 556	34 772 553
110 167 449	202 743 345

Amathole District Municipality
 Consolidated Annual Financial Statements
 Notes to the Annual Financial Statements
 for the year ended 30 June 2013

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
62 090 053	-
389 786 000	321 323 000
<u>(439 709 767)</u>	<u>(259 232 947)</u>
12 166 286	62 090 053

Conditional grants

19.3.1 MIG Grant

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	Restated 2011/12
R	R
62 090 053	-
389 786 000	321 323 000
<u>(439 709 767)</u>	<u>(259 232 947)</u>
12 166 286	62 090 053

MUNICIPALITY	
2012/13	2011/12
R	R
11 670 139	15 859 988
51 101 216	48 196 620
<u>(61 902 158)</u>	<u>(52 386 469)</u>
869 197	11 670 139

19.3.2 Regional Bulk Infrastructure Grant

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
11 670 139	15 859 988
51 101 216	48 196 620
<u>(61 902 158)</u>	<u>(52 386 469)</u>
869 197	11 670 139

MUNICIPALITY	
2012/13	2011/12
R	R
330 440	216 578
1 250 000	542 445
<u>(1 213 666)</u>	<u>(428 583)</u>
366 774	330 440

19.3.3 Financial Management Grant (FMG)

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
330 440	216 578
1 250 000	542 445
<u>(1 213 666)</u>	<u>(428 583)</u>
366 774	330 440

MUNICIPALITY	
2012/13	2011/12
R	R
163 888	117 164
1 000 000	790 000
<u>(1 044 662)</u>	<u>(743 278)</u>
119 226	163 888

19.3.4 Municipal System Improvement Grant (MSIG)

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
163 888	117 164
1 000 000	790 000
<u>(1 044 662)</u>	<u>(743 278)</u>
119 226	163 888

MUNICIPALITY	
2012/13	2011/12
R	R
10 917 173	7 481 209
6 022 000	7 126 000
<u>(8 471 901)</u>	<u>(3 690 036)</u>
8 467 272	10 917 173

19.3.5 Expanded Public Works Programme Grant (EPWP)

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
10 917 173	7 481 209
6 022 000	7 126 000
<u>(8 471 901)</u>	<u>(3 690 036)</u>
8 467 272	10 917 173

MUNICIPALITY	
2012/13	2011/12
R	R
746 694	-
1 776 000	1 687 000
<u>(2 522 694)</u>	<u>(940 306)</u>
-	746 694

19.3.6 Rural Roads Asset Management Grant (RAMS)

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
746 694	-
1 776 000	1 687 000
<u>(2 522 694)</u>	<u>(940 306)</u>
-	746 694

MUNICIPALITY	
2012/13	2011/12
R	R
510 076	510 076
-	-
<u>-</u>	<u>-</u>
510 076	510 076

19.3.7 Department of Water Affairs: Flood Relief Grant

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
510 076	510 076
-	-
<u>-</u>	<u>-</u>
510 076	510 076

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
19 033 000	12 111 013
(18 442 426)	(12 111 013)
<u>590 574</u>	<u>-</u>

19.3.8 Water Services Operating Subsidy Grant (WSOG)

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities

Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
-	-
19 033 000	12 111 013
(18 442 426)	(12 111 013)
<u>590 574</u>	<u>-</u>

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
32 940 000	71 450 000
(32 940 000)	(71 450 000)
<u>-</u>	<u>-</u>

19.3.9 Neighbourhood Development Partnership Grant (NDPG)

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities

Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	Restated 2011/12
R	R
-	-
28 163 262	9 222 268
36 268 980	71 450 000
(44 280 798)	(52 509 006)
<u>20 151 444</u>	<u>28 163 262</u>

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-
<u>-</u>	<u>-</u>

19.3.10 BURP Grant

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities

Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
-	1 370 244
-	-
-	(1 370 244)
<u>-</u>	<u>-</u>

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-
<u>-</u>	<u>-</u>

19.3.11 Industrial Development Corporation Grant

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities

Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
1 683 131	1 815 372
-	3 000 000
(1 383 131)	(3 132 241)
<u>300 000</u>	<u>1 683 131</u>

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
<u>-</u>	<u>-</u>

19.3.12 Nggushwa Municipality

Balance unspent at beginning of year
Condition still to be met-remain as current liabilities

Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
67 000	67 000
<u>67 000</u>	<u>67 000</u>

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-
<u>-</u>	<u>-</u>

19.3.13 Indalo Yethu

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities

Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
23 381	-
-	2 367 722
(23 381)	(2 344 341)
<u>-</u>	<u>23 381</u>

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-
<u>-</u>	<u>-</u>

19.3.14 DEDEA: Woodhouse

Balance unspent at beginning of year
 Less: Expenditure
Condition still to be met-remain as current liabilities

Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
-	948 530
-	(948 530)
<u>-</u>	<u>-</u>

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-

19.3.15 Mbashe Municipality: N2 Summit
 Balance unspent at beginning of year
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
87 719	87 719
(87 719)	-
-	87 719

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-

19.3.16 Eastern Cape Development Corporation
 Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
384 938	90 900
-	419 740
(384 938)	(125 702)
-	384 938

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-

19.3.17 DNT: Hamburg Arts Residency
 Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
1 236 305	3 494 961
-	6 487 394
(1 236 305)	(8 746 050)
-	1 236 305

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-

19.3.18 Department of Rural Development and Agrarian land Reform
 Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
316 449	316 449
-	9 175 532
(316 044)	(9 175 532)
405	316 449

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-

19.3.19 Development Bank of South Africa
 Balance unspent at beginning of year
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
96 491	96 491
(96 491)	-
-	96 491

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-

19.3.20 DEDEAT -Emthonjaneni Arts
 Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
-	-
2 099 601	-
(1 980 455)	-
119 146	-

MUNICIPALITY	
2012/13	2011/12
R	R
-	-
-	-
-	-

19.3.21 DBSA dry lands funds
 Current year receipts
 Less: Expenditure
Condition still to be met-remain as current liabilities
 Refer to Annexure 1
 Note: included in total of Note 19.3

GROUP	
2012/13	2011/12
R	R
175 439	-
-	-
175 439	-

During the current year, ASPIRE completed the following projects which constructed assets for the local municipalities:

Project	Date of completion
Hamburg Artist Retreat/Emthonjeni Arts	September 2012
Stutterheim CBD upgrade	April 2013

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
223 081	244 986
(160 940)	618 117
1 207 040	1 071 038
54 900	58 054
89 334	74 985
4 578	3 448
-	70
763 632	-
-	-
1 325 740	1 900
1 445 293	5 127 910
4 952 658	7 200 508

MUNICIPALITY	
2012/13	2011/12 Restated
R	R
61 193 497	39 460 719
12 024 322	844 053
6 563 608	-
79 781 428	40 304 772

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
212 763	180 895
-	-
113 570	130 550
326 333	311 445

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
(1 379 502)	1 975 098
97 377 127	90 729 182
-	17 242
8 838	8 838
97 385 965	90 755 262

20. OTHER INCOME

Revenue from Exchange Transactions - Sundry income

Commission	244 986
Connection fees	618 117
Conservancy fees	1 071 038
Emergency tanked water	58 054
Legal fees recovered	74 985
RD cheques bank charges recovered	3 448
Prepaid water sales	-
Solid waste charges	70
Recovery of unauthorised, irregular, fruitless and wasteful expenditure	-
Bad debt recoveries	-
Sundry income	1 900
Total Other Income	7 200 508

Revenue from Non-exchange Transactions - Sundry income

Own revenue - VAT on MIG	39 460 719
Own revenue - VAT other grants	844 053
Actuarial gain on post employment medical aid obligation	-
Total public contributions and donations	40 304 772

21. RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities

- Straight lined operating lease receipts	180 895
- Contingent rentals	-
Other rentals	130 550
Total rentals	311 445

22. DEPRECIATION AND AMORTISATION EXPENSE AND GAIN ON DISPOSAL OF ASSETS

(Loss)/Gain on sale of infrastructure, plant and equipment

Property, plant and equipment	90 729 182
Intangible assets	17 242
Investment property carried at cost	8 838
Total depreciation and amortisation	90 755 262

The comparative figure has been restated with depreciation that was incorrectly calculated

Refer note 45.1

GROUP	
2012/13	Restated 2011/12
R	R
223 081	244 986
(160 940)	618 117
1 207 040	1 071 038
54 900	58 054
89 334	74 985
4 578	3 448
-	70
763 632	-
-	-
1 325 740	1 900
1 537 440	5 349 160
5 044 805	7 421 758

GROUP	
2012/13	2011/12 Restated
R	R
61 193 497	39 460 719
12 024 322	844 053
6 563 608	-
79 781 428	40 304 772

GROUP	
2012/13	Restated 2011/12
R	R
212 763	180 895
-	-
113 570	130 550
326 333	311 445

GROUP	
2012/13	Restated 2011/12
R	R
(1 378 004)	2 011 114
97 513 651	90 854 865
78 706	74 181
8 838	8 838
97 601 195	90 937 884

MUNICIPALITY			GROUP	
2012/13	Restated 2011/12		2012/13	Restated 2011/12
R	R		R	R
-	-	23. IMPAIRMENT LOSS		
		Property, plant and equipment	1 950	-
		The impairment relates to Map stands that are obsolete and sold as scrap metal. The recoverable amount/recoverable service amount of the stands was based on their fair value less costs to sell or (its value in use).		
		Value in use		
		The value in use of the stands was nil as they had no future service potential at the date of sale.		
		Fair value less costs to sell		
		The market price was used to determine the fair value less costs to sell.		
		24. Repairs and Maintenance		
		Repairs and maintenance during the year	19 938 536	11 931 401
		The comparative figure has been restated with internally funded project expenditure.		
		Refer note 45.2		
		The comparative figure has also been restated with expenditure that was incorrectly not capitalised.		
		Refer note 45.1		
		25. GENERAL EXPENDITURE		
		25.1 OTHER		
		Accounting fees	15 336	258 069
		Advertising	1 685 394	1 668 433
		Amathole Economic Development Agency Contribution	-	-
		Annual event	627 353	239 941
		Advisory forums	170 535	393 653
		Assessment rates	330 389	34 676
		Audit committee	520 767	335 028
		Bank charges	370 030	336 273
		Books and publications	63 872	34 588
		By-law consultation	22 803	174 919
		Bulk purchases: Chemicals	4 788 643	6 663 215
		Bulk purchases: Repairs and maintenance	5 983 014	8 972 285
		Bulk purchases: Labour, travel and supervision	22 106 721	35 797 408
		Bulk purchases: General expenses	17 439 546	2 351 250
		Bursary for rare skills	168 433	246 635
		Campaigns and promotions	4 007 633	2 175 571
		Chemicals	893 867	391 558
		Cleaning materials	79 310	487
		Communication	790 169	1 011 533
		Community Based Organisation	8 512 317	5 814 238
		Conference expenses	2 182 111	2 338 684
		Consultative forums	695 110	911 616
		Consultants	57 809 016	79 973 610
		Consumables	533 359	424 430
		Dam safety	-	190 389
		Database expenditure	266 230	394 996
		Delegated management	1 405 356	876 547
		Disposal of the dead	174 275	93 766
		Electricity, water and refuse	26 229 489	19 339 277
		Employee welfare	3 747 779	1 145 498
		Emergency provisions	3 596 820	3 468 060
		Entertainment	193 477	382 737
		Legal fees	303 582	130 735
		Fire services	-	965
		Food control	7 189 534	3 070 625
		Fumigation	117 921	160 873

Amathole District Municipality
Consolidated Annual Financial Statements
Notes to the Annual Financial Statements
for the year ended 30 June 2013

429 805	514 997	Grants in aid	429 805	514 997
1 181 920	1 483 488	Hiring costs	1 181 920	1 483 488
99 092	154 597	IGR learner ship and programmes	99 092	154 597
5 150 569	4 613 606	Insurance	5 193 670	4 660 514
165 423	10 107	International programmes	165 423	10 107
532 220	297 011	Job evaluation expenditure	532 220	297 011
475 448	998 739	Licences and subscriptions	541 104	1 044 245
2 571 509	2 317 399	Marketing	2 571 509	2 317 399
1 143 028	1 263 133	Meeting costs	1 143 028	1 263 133
3 393 126	2 113 931	Membership fees	3 393 126	2 113 931
-	-	Miscellaneous expenditure	9 673	11 846
63 192	48 421	Oversight committee	63 192	48 421
1 912 075	1 384 400	Pit latrine clearance	1 912 075	1 384 400
1 853 727	1 769 468	Postage	1 874 671	1 783 033
4 682 621	4 661 725	Printing and stationery	4 784 473	4 774 191
740 766	171 023	Project Management	740 766	171 023
-	38 902	Property transfer costs	-	38 902
3 270 292	2 917 943	Protective clothing	3 270 292	2 917 943
2 826 994	2 183 880	Public participation	2 826 994	2 183 880
346 937	-	Recruitment expenditure	511 273	41 187
2 626 141	2 970 025	Refreshments	2 651 875	2 990 949
1 428 583	1 542 866	Rentals: VPN lines	1 428 583	1 542 866
1 214 672	814 734	Sampling and testing	1 214 672	814 734
14 475 267	12 955 921	Security services	14 503 580	12 982 556
2 976 518	2 309 088	Skills development levy	2 976 518	2 309 088
3 451 227	1 532 598	Solid waste site costs	3 451 227	1 532 598
15 268 707	7 260 895	Software and computer expenditure	15 385 587	7 324 980
3 464 899	4 654 951	Special programmes	3 464 899	4 654 951
880 734	534 175	Stipend volunteers	880 734	534 175
11 640 313	8 514 104	Subsistence and travel	11 765 716	8 632 406
3 925 775	3 700 982	Telephone expenditure	4 036 822	3 811 003
75 211	93 220	Tools	75 211	93 220
13 500	120 000	Tourism	13 500	120 000
5 945 934	6 791 065	Training and workshops	6 408 199	7 169 630
15 060 503	14 147 612	Transport	15 060 503	14 147 612
362 446	1 520 212	Water research levy	362 446	1 520 212
66 897 164	50 020 099	Conditional grant expenditure	66 897 164	50 020 099
47 581	26 210	Whippery	47 581	26 210
367 988 769	337 166 815	Total	354 896 413	327 250 148

The comparative figure for internally funded project allocation expenditure has been classified per expenditure type.
Refer note 45.2

MUNICIPALITY	
2012/13	Restated
R	2011/12
R	R
13 348 448	9 235 420
15 261 650	9 347 820
405 960	442 403
29 016 058	19 025 643

MUNICIPALITY	
2012/13	Restated
R	2011/12
R	R
123 924	572 964
-	-
51 558 536	48 672 685
51 682 459	49 245 649

25.2 LEASING SERVICES

Operating lease charges
<i>Premises</i>
- Contractual amounts
<i>Motor vehicles</i>
- Contractual amounts
<i>Office Equipment</i>
- Contractual amounts

GROUP	
2012/13	Restated
R	2011/12
R	R
13 953 880	9 819 988
15 261 650	9 347 820
479 421	515 024
29 694 952	19 682 832

25.3 COST OF INVENTORIES

Housing inventories
Stores and materials
Water purchases

GROUP	
2012/13	Restated
R	2011/12
R	R
123 924	572 964
-	-
51 558 536	48 672 685
51 682 459	49 245 649

Amathole District Municipality
 Consolidated Annual Financial Statements
 Notes to the Annual Financial Statements
 for the year ended 30 June 2013

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
4 262 296	3 875 091
4 262 296	3 875 091
452 949 583	409 313 198

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
227 599 296	190 553 352
59 790 451	46 478 749
12 542 429	9 088 134
1 893 192	1 357 414
11 905 758	9 244 034
19 108 152	15 913 700
15 924 379	10 625 146
12 662 927	9 084 995
11 184 598	30 287 655
372 611 183	322 633 179

20 132 695	33 684 684
14 882 698	12 571 714
10 794 820	9 202 271
(5 544 823)	11 910 699
53 473 536	42 567 532
50 912 582	40 252 848
2 560 954	2 314 683

MUNICIPALITY	
2012/13	2011/12
R	R
1 209 273	815 265
10 519	108 459
85 068	221 865
40 525	22 976
180 000	132 003
168 325	24 155
446	1 373
1 694 156	1 326 096

25.4 AUDIT FEES PAID

Fees - current year

TOTAL GENERAL EXPENDITURE

GROUP	
2012/13	Restated 2011/12
R	R
5 012 093	4 425 065
5 012 093	4 425 065
441 285 917	400 603 695

26. EMPLOYEE RELATED COSTS

Employee related costs- Salaries and Wages
 Employee related costs- Contribution for UIF, pensions and medical aid
 Travel, motor car, accommodation, subsistence and other allowances
 Housing benefits and allowances
 Overtime payments
 Bonus
 Leave pay provision contribution
 Other benefits/allowances
 Employee benefit obligation contribution
Total Employee Related Costs

GROUP	
2012/13	Restated 2011/12
R	R
233 024 741	198 117 795
61 016 919	46 478 749
12 927 549	9 088 134
1 893 192	1 357 414
11 905 758	9 244 034
19 612 214	15 913 700
16 136 267	10 625 146
12 662 927	9 084 995
11 184 598	30 287 655
380 364 166	330 197 622

The comparative figure has been restated with expenditure from internally funded projects.
 Refer Note 45.2

Defined Benefit Plan (Post employment medical aid and retirement gratuity) Expense
 - current service cost
 - interest cost
 - actuarial loss/(gain) recognised

20 132 695	33 684 684
14 882 698	12 571 714
10 794 820	9 202 271
(5 544 823)	11 910 699
53 473 536	42 567 532
50 912 582	40 252 848
2 560 954	2 314 683

Amount expensed in respect of retirement benefit plans:
 Defined contribution funds
 Defined benefit funds

Remuneration of the Municipal Manager

Annual Remuneration
 Performance Bonus
 Leave encashment
 Cell Phone Allowance
 Travel Allowance
 Back pay of remuneration
 Contribution to UIF, Medical and Pension Fund
Total

GROUP	
2012/13	2011/12
R	R
1 209 273	815 265
10 519	108 459
85 068	221 865
40 525	22 976
180 000	132 003
168 325	24 155
446	1 373
1 694 156	1 326 096

The Municipal Manager Mr V. Mlokoti resigned from the Amathole District Municipality on 29 February 2012
 A performance bonus of R39 439 relating to the 2012 financial year was paid to Mr. Mlokoti during
 the 2013 financial year.
 Mr. C. Magwangqana was appointed as the Municipal Manager as from 3 May 2012.

Amathole District Municipality
 Consolidated Annual Financial Statements
 Notes to the Annual Financial Statements
 for the year ended 30 June 2013

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
481 318	674 720
126 877	120 556
52 688	58 417
-	27 187
25 536	29 868
161 191	223 917
58 374	19 570
125 772	165 841
1 031 756	1 320 076
60 674	-
5 000	-
3 206	-
18 000	-
16 172	-
103 052	-

Remuneration of the Chief Finance Officer: Y Ngqele

Annual Remuneration	481 318
Performance Bonuses	126 877
Leave encashment	52 688
Acting Allowance	-
Cell Phone Allowance	25 536
Travel Allowance	161 191
Back pay of remuneration	58 374
Contributions to UIF, Medical and Pension Funds	125 772
Total	1 031 756

Remuneration of the Chief Finance Officer: N Soga

Annual Remuneration	60 674
Acting allowance	5 000
Cell Phone Allowance	3 206
Travel, motor car, accommodation, subsistence and other allowances	18 000
Contributions to UIF, Medical and Pension Funds	16 172
Total	103 052

The Chief Financial Officer, Mr Y. Ngqele resigned from the Amathole District Municipality on 28 February 2013. Mr. N. Soga was appointed as the Chief Financial Officer as from 1 June 2013.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
616 605	631 761
-	87 935
-	59 493
37 380	29 868
377 061	271 012
60 827	14 575
149 218	157 169
1 241 091	1 251 814

Remuneration of the Director: Engineering

Annual Remuneration	616 605
Performance Bonuses	-
Leave encashment	-
Cell Phone Allowance	37 380
Travel Allowance	377 061
Back pay of remuneration	60 827
Contributions to UIF, Medical and Pension Fund	149 218
Total	1 241 091

The Director of Engineering, Mr N. Jonker resigned from the Amathole District Municipality on 30 June 2012. A performance bonus of R169 414 relating to the 2012 financial year was paid during the 2013 year. Mr. M. Shezi was appointed as the Engineering Director as from 11 July 2012.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	672 709
133 266	30 494
108 488	-
-	29 383
-	271 012
-	15 036
149	125 291
241 903	1 143 925

Remuneration of the Director: Strategic Management - S Mengezeleli

Annual Remuneration	-
Performance Bonuses	133 266
Leave encashment	108 488
Cell Phone Allowance	-
Travel Allowance	-
Back pay of remuneration	-
Contributions to UIF, Medical and Pension Fund	149
Total	241 903

GROUP	
2012/13	Restated 2011/12
R	R
481 318	674 720
126 877	120 556
52 688	58 417
-	27 187
25 536	29 868
161 191	223 917
58 374	19 570
125 772	165 841
1 031 756	1 320 076
60 674	-
5 000	-
3 206	-
18 000	-
16 172	-
103 052	-

GROUP	
2012/13	Restated 2011/12
R	R
616 605	631 761
-	87 935
-	59 493
37 380	29 868
377 061	271 012
60 827	14 575
149 218	157 169
1 241 091	1 251 814

GROUP	
2012/13	Restated 2011/12
R	R
-	672 709
133 266	30 494
108 488	-
-	29 383
-	271 012
-	15 036
149	125 291
241 903	1 143 924

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
664 605	-
-	-
100 000	-
35 170	-
231 000	-
41 932	-
33 135	-
1 105 842	-

Remuneration of the Director: Strategic Management - R Links

Annual Remuneration	664 605
Performance Bonuses	-
Leave encashment	100 000
Cell Phone Allowance	35 170
Travel, motor car, accommodation, subsistence and other allowances	231 000
Back pay of remuneration	41 932
Contributions to UIF, Medical and Pension Fund	33 135
Total	1 105 842

The Director of Strategic Management, Mr S. Mengezeleli resigned from the Amathole District Municipality on 30 June 2012. Mr. R. Links was appointed as the Strategic Director as from 1 August 2012.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
688 604	775 334
116 405	107 792
36 533	175 250
35 170	29 868
233 890	144 000
33 953	20 048
131 797	144 666
1 276 352	1 396 958

Remuneration of the Director: Corporate Services

Annual Remuneration	688 604
Performance bonus	116 405
Leave Encashment	36 533
Cell Phone Allowance	35 170
Travel Allowance	233 890
Back Pay of Remuneration	33 953
Contributions to UIF, Medical and Pension Fund	131 797
Total	1 276 352

The Director of Corporate Services, Mr G. Taku resigned from the Amathole District Municipality on 30 June 2012. A performance bonus of R133 524 relating to the 2012 year was paid to Mr. Taku during 2013.
 Mr. L. Taleni was appointed as the Corporate Services Director as from 1 August 2012.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	596 686
125 874	108 983
-	29 928
-	258 958
-	36 205
148	135 106
126 022	1 165 866

Remuneration of the Director: Health & Protection - Sister Solomon

Annual Remuneration	-
Performance Bonuses	125 874.00
Cell Phone Allowance	-
Travel Allowance	-
Back pay of remuneration	-
Contributions to UIF, Medical and Pension Fund	148.00
Total	126 022

611 350	-
-	-
73 158	-
35 270	-
245 550	-
69 672	-
137 873	-
1 172 873	-

Remuneration of the Director: Health & Protection - Sister Taleni

Annual Remuneration	611 350
Performance Bonuses	-
Housing allowance	73 158
Cell Phone allowance	35 270
Travel, motor car, accommodation, subsistence and other allowances	245 550
Back pay of remuneration	69 672
Contributions to UIF, Medical and Pension Fund	137 873
Total	1 172 873

The Director of Health and Protection Services, Sister N. Solomon resigned from the Amathole District Municipality on 30 June 2012. Sister S. Taleni was appointed as the Health and Protection Services Director as from 11 July 2012.

GROUP	
2012/13	Restated 2011/12
R	R
664 605	-
-	-
100 000	-
35 170	-
231 000	-
41 932	-
33 135	-
1 105 842	-

GROUP	
2012/13	Restated 2011/12
R	R
688 604	775 334
116 405	107 792
36 533	175 250
35 170	29 868
233 890	144 000
33 953	20 048
131 797	144 666
1 276 352	1 396 958

GROUP	
2012/13	Restated 2011/12
R	R
-	596 686
125 874.00	108 983
-	29 928
-	258 958
-	36 205
148.00	135 106
126 022	1 165 866

611 350	-
-	-
73 158	-
35 270	-
245 550	-
69 672	-
137 873	-
1 172 873	-

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
-	-
-	-
-	-
-	-
-	-
<u>-</u>	<u>-</u>

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<u>-</u>	<u>-</u>

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
-	-
-	-
-	-
-	-
-	-
<u>-</u>	<u>-</u>

828 559	790 113
651 577	620 607
6 735 505	6 363 816
3 248 753	2 734 893
-	29 005
<u>98 158</u>	<u>-</u>
<u>11 562 552</u>	<u>10 538 434</u>

Remuneration of Director of Finance

Salary	612 716
Allowances	160 617
Leave paid	-
Bonus	123 733
Contributions to UIF, Medical and Pension Fund	91 116
Total	988 182

Remuneration of Director Corporate Services - Resigned in March 2012

Salary	-
Allowances	-
Leave paid	-
Bonus	-
Contributions to UIF, Medical and Pension Fund	-
Total	-

Remuneration of Director Corporate Services - Appointed in March 2012

Salary	702 716
Bonus	94 305
Contributions to UIF, Medical and Pension Fund	90 231
Total	887 252

27. REMUNERATION OF COUNCILLORS AND DIRECTORS

Executive Mayor	828 559
Speaker (one Speaker)	651 577
Mayoral Committee Members (11 members)	6 735 505
Councillors (33 Councillors)	3 248 753
Councillors pension contribution	-
Councillors allowances	98 158
Total Councillors' Remuneration	11 562 552

In-kind Benefits

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

The Executive Mayor has use of one council owned vehicle for official duties, and has a full-time driver/bodyguard.

The salaries, allowances and benefits of the political office-bearers are within the upper limits of the framework as prescribed by section 219 of the Constitution

GROUP	
2012/13	Restated 2011/12
R	R
612 716	314 467
160 617	102 636
-	-
123 733	79 673
91 116	51 865
<u>988 182</u>	<u>548 641</u>

GROUP	
2012/13	Restated 2011/12
R	R
-	521 631
-	38 447
-	49 233
-	89 037
-	69 784
<u>-</u>	<u>768 132</u>

GROUP	
2012/13	Restated 2011/12
R	R
702 716	219 695
94 305	-
90 231	29 059
<u>887 252</u>	<u>248 754</u>

828 559	790 113
651 577	620 607
6 735 505	6 363 816
3 248 753	2 734 893
-	29 005
<u>98 158</u>	<u>-</u>
<u>11 562 552</u>	<u>10 538 434</u>

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
-	-
-	-
-	-
-	-

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
58 694 827	-
-	-
<u>58 694 827</u>	<u>-</u>

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
447 326	1 336 611
17 523	47 733
-	(937 018)
<u>464 849</u>	<u>447 326</u>

30. TAXATION

30.1 South African normal tax

- Current tax

South African effective and nominal tax rate

30.2 Taxation asset/(liability)

- Amount paid/(payable) at beginning of year

- Current tax

- Less: Paid during the year

Taxation (liability)/asset

31. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

31.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance

Unauthorised expenditure current year

Approved by Council or condoned

Unauthorised expenditure awaiting authorisation

Incident

The operational budget was exceeded at vote level by R382 490 due to an increase in depreciation charges at year end, however the total budget at institutional level was not overspent. This expenditure type is of a non-cash flow nature.

The capital budget was exceeded at vote level by an amount of R58 312 337 this was as a result of the MIG and RBIG roll-overs not being included in the budget, yet these amounts were spent as well as by assets that that were capitalised as finance leases in accordance with GRAP.

An item was prepared for Council on 30 August 2013 to approve the increase in capital budget for these roll-overs that were granted by National Treasury as well as for the increase in depreciation.

31.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance

Fruitless and wasteful expenditure current year

Condoned or written off by Council

Fruitless and wasteful expenditure awaiting condonement

Incident

During the 2012/13 financial year, interest of R7 617 was incurred on the late payment of the First Auto account.

Interest of R302 was incurred on the late payment of an amount to the Auditor General.

Interest of R9 603 was incurred on the late payment of rental due for the lease of premises.

The ADM is investigating all the matters of late payment and will recover any costs if necessary.

During August 2011 interest of R43 963 was incurred on Telkom accounts. This was as a result of a dispute logged with Telkom regarding previously charged interest and reconnection fees. The dispute was never resolved, yet Telkom continued accumulating interest on the amount in dispute. This matter is currently under investigation.

An amount of R2 for interest on late payment of Cape Joint Fund was incurred during May 2012. The matter is currently under investigation.

On the 5 July 2011 the air tickets to Johannesburg for a Councillor to attend a MINMEC were cancelled. As the tickets were already issued, a cancellation fee of R798.00 was charged by the travel agent. The matter has been written off by Council.

GROUP	
2012/13	Restated 2011/12
R	R
-	(96 903)
-	<u>(96 903)</u>
28%	28%
(105 522)	(202 335)
-	(96 903)
332 065	193 716
<u>226 543</u>	<u>(105 522)</u>

GROUP	
2012/13	Restated 2011/12
R	R
-	-
58 694 827	-
-	-
<u>58 694 827</u>	<u>-</u>

GROUP	
2012/13	Restated 2011/12
R	R
751 393	1 897 062
40 143	351 800
(257 872)	(1 497 469)
<u>533 664</u>	<u>751 393</u>

During February 2012, interest of R83 were incurred as a result of late payment to the Cape Retirement fund. The late payment was as a result of an employee being on unpaid maternity leave and her not being that she was to pay for this amount out of her own pocket. The matter is still to be investigated.

Penalties of R20.00 were incurred during February 2012 as a result of the Private Bag address not being renewed on time. This matter is still to be investigated.

Interest of R2 850,00 was incurred during February 2012 due to late payment of the SABC TV licences and DSTV subscriptions. This matter is still to be investigated.

During August 2010, interest of R55 461 was incurred on the rental of the Telkom VPN lines due to late payment. The late payments were due to the billing cycles of the supplier. The matter was investigated by the MPAC and the Council resolved to write off the amount.

During the 2010/11 financial year, the municipality incurred costs of R129 951 to hire vehicles for the provision of water services due to the non-delivery of vehicles purchased from service providers appointed by the municipality. These hire costs were deemed to be fruitless and wasteful expenditure. The matter was investigated and a legal opinion was obtained. Council have resolved to treat this expenditure as normal expenditure during 2011/12 financial year.

During the 2010/11 financial year, rental of R71 187 was incurred for the months of December 2010 and January 2011 for office accommodation in the Metropolitan Building for the Supply Chain Management Unit. The unit however only occupied the premises from February 2011. The ADM investigated the matter and Council resolved to write the matter off during the 2011/12 financial year.

Rental for the months of December 2010, January 2011 and February 2011 amounting to R117 108.42 was incurred for the premises to be occupied by the Municipal Support Unit. The premises were only occupied during March 2011 due to renovations that took longer than anticipated. The ADM investigated the matter and the Council resolved to write the matter off during the 2011/12 financial year.

During June 2011, interest of R714 was incurred on late payment to Telkom. The ADM has investigated the matter. Awaiting Council resolution for the condonation of this matter on 31 August 2012.

During the 2009/10 financial year, rental costs of R91 835, R88 803 and R184 207 were incurred for the 9th, 14th and ground floors respectively at Caxton House. The matter is awaiting Council approval.

During November 2009, a claim of R562 514 was submitted to the ADM for interest incurred on the Ngqushwa Ward 6, 7 & 13 Sanitation project that was originally commenced under the Department of Water Affairs and subsequently transferred to the ADM upon assuming the function of a Water Services Authority. Works were suspended due to budget constraints and non-payment of claims. It was agreed to avoid the contractor withdrawing from the site, and thereby delaying service delivery and incurring further costs, to make the payment. The ADM investigated the matter and the Council resolved that it be written off. This was written off during 2011/12 financial year.

A payment of R34 831 was made to a contractor for interest incurred on the construction of the Macleantown sport field and ablution facilities. The interest was to be paid per the ruling of the Mediator. The ADM is to investigate the matter and recover any costs if necessary.

The 2012 amount pertaining to the agency, relates to interest and penalties of R257 872 as a result of April 2008 and February 2009 VAT period audit that was conducted by SARS during the current year while R46 195 relates to interest and penalties incurred in the 2012 financial year.

The 2011 amounts relate to interest and penalties incurred due to disputes with SARS regarding the VAT application pertaining to revenue received. Included in the amount of R530 243 is an amount of R330 901 that has been raised as a penalty. The fruitless and wasteful expenditure of R560 451 was condoned by the Board during 2012.

The 2013 amounts relate to interest and penalties amounting to R929 resulting from while R21 691 relates interest and penalties relating to 2008 PAYE.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
546 238	17 344 286
1 550 991	-
50 000	-
	(16 798 048)
2 147 229	546 238

31.3 Irregular expenditure

Reconciliation of irregular expenditure
 Opening balance
 Irregular expenditure current year
 Irregular expenditure identified in current year relating to prior year
 Condoned or written off by Council
 Irregular expenditure awaiting condonement

GROUP	
2012/13	Restated 2011/12
R	R
546 238	17 344 286
1 550 991	-
50 000	-
	(16 798 048)
2 147 229	546 238

Incident

During the 2011/12 financial year, an oversight to ensure that the tender would be over R10m and therefore a minimum of 30 days advertising period required. The contract value was R11 664 597 and the amount advertised was R1 550 991. The report has been drafted to Council to condone/write off the irregular expenditure.

Emergency services were procured to the value of R50 000 during the year under review. In such instances the Municipality may dispense of normal procurement procedures which includes checking tax matters, declarations at the time of engaging the service provider/ supplier, hence a tax clearance certificate was not attached to the payment. A report will be drafted to Council to condone/write off the irregular expenditure.

During the 2010/11 financial year, breaches on contracts to the value of R546 238 were found. These are being investigated.

During the 2009/10 financial year, deviations on contracts to the value of R16 798 048 were found. These alleged deviations were investigated and it was found that the proper procedures were in fact followed for the approval of these procurements as these items were submitted to the Bid Adjudication Committee for approval. These were mainly extensions of contracts, limited bidding processes and variation orders. The Council resolved to condone the expenditure.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
10 614 250	28 480 073
25 991 039	9 466 597
36 605 289	37 946 670

32. INTEREST EARNED - EXTERNAL INVESTMENTS

Bank
 Financial assets
Total interest

GROUP	
2012/13	Restated 2011/12
R	R
10 614 250	29 304 518
27 153 516	9 715 185
37 767 766	39 019 703

The interest received by the municipal entity in the prior year was corrected. Refer note 45.1.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
23 269 840	27 186 639
794	312
23 270 635	27 186 951

33. INTEREST EARNED - OUTSTANDING RECEIVABLES

Receivables - service charges
 Financial assets

GROUP	
2012/13	Restated 2011/12
R	R
23 269 840	27 186 639
794	312
23 270 634	27 186 951

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
139 027 009	157 093 946
139 027 009	157 093 946

34. BAD DEBTS

Bad debts consists of the following:
 Contribution to doubtful debts

GROUP	
2012/13	Restated 2011/12
R	R
139 027 009	157 093 946
139 027 009	157 093 946

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
140 337	114 991
10 804 591	-
-	-
10 944 928	114 991

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
444 151 651	149 554 177
1 379 502	(1 975 098)
-	7 267 007
97 385 965	90 755 262
-	-
-	-
1 612 858	1 044 604
139 027 009	157 093 945
15 008 124	30 287 655
698 565 109	434 027 550
(307 555)	690 910
(177 019 687)	(141 622 127)
(81 330 654)	48 837 397
(21 316 805)	47 583 744
(1 044 604)	(3 223 808)
5 287 518	-
(27 740 370)	19 350 923
395 092 953	405 644 588

35. FINANCE COSTS

Finance leases	140 337
Employee benefit obligations	10 804 591
SARS	22 620
Total finance costs	10 967 548

36. CASH GENERATED FROM OPERATIONS

Surplus for the year	438 075 630
Adjustments for non-cash flow items:	
Disposal of property, plant and equipment	1 378 004
Transfer out of community asset	-
Depreciation and amortisation	97 601 195
Loss on impairment of property, plant and equipment	1 950
Taxation paid	(332 065)
Contributions to provisions - non current	-
Contributions to provisions - current	1 807 091
Contribution to doubtful debt provision	139 027 009
Contribution to defined benefit obligation	15 008 125
Operating surplus before working capital changes	692 566 940
Increase in inventories	(307 555)
Increase in trade and other receivables	(177 398 726)
(Decrease)/increase in conditional grants and receipts	(92 575 897)
Increase in trade and other payables	(13 128 885)
Provisions paid	(1 044 604)
Other working capital movements	5 287 518
Decrease/(increase) in VAT receivable	(28 978 829)
Cash generated from operations	384 419 964

GROUP	
2012/13	Restated 2011/12
R	R
140 337	114 991
10 804 591	-
22 620	304 067
10 967 548	419 058

GROUP	
2012/13	Restated 2011/12
R	R
438 075 630	148 418 421
1 378 004	(2 011 114)
-	7 267 007
97 601 195	90 937 884
1 950	-
(332 065)	(193 716)
-	-
1 807 091	1 044 604
139 027 009	157 093 946
15 008 125	30 287 655
692 566 940	432 844 687
(307 555)	690 910
(177 398 726)	(139 919 026)
(92 575 897)	63 386 140
(13 128 885)	47 775 142
(1 044 604)	(3 243 189)
5 287 518	-
(28 978 829)	19 350 923
384 419 964	420 885 589

MUNICIPALITY		GROUP	
2012/13	Restated 2011/12	2012/13	Restated 2011/12
R	R	R	R
191 063 454	346 293 276	218 577 072	384 610 785
-	-	-	-
191 063 454	346 293 276	218 577 072	384 610 785

37. Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	218 577 072	384 610 785
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	218 577 072	384 610 785

38. Purchase of Property, Plant and Equipment

Cash payments of R533,895,801 were made to purchase property, plant and equipment.

39. Change in Accounting Policy

The following adjustments were made to amounts previously reported in the annual financial statements of the entity arising from the implementation of new accounting policies and changes to existing policies:

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year 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
- GRAP 24 - Presentation of budget information in the financial statements
- GRAP 26 - Impairment of cash-generating assets
- GRAP 104 - Financial instruments

39.1 GRAP 21: Impairment of Non-cash-generating assets

During the year, the municipality changed its accounting policy with respect to the treatment of impairment of non-cash generating assets. In order to conform with the benchmark treatment in of GRAP21 – Impairment of Non-cash-generating assets which is now effective as per Directive 5. The municipality now 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. 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 noncash-generating asset is treated as a revaluation decrease. The changes are applied prospectively

39.2 GRAP 23 - Revenue from non-exchange transactions

During the year, the municipality changed its accounting policy with respect to the treatment of revenue from non-exchange transactions. In order to conform with the benchmark treatment in of GRAP 23 - Revenue from non-exchange transactions as required by Directive 5. The municipality now recognises revenue from non-exchange transactions arising when it receives value from another entity without directly giving approximately equal value in exchange. The municipality measures an asset acquired through a non-exchange transaction initially at its fair value as at the date of acquisition. This revenue will be measured at the amount of increase in net assets recognised by the municipality.

No affect on the amounts of line items, the revenue on the face of the income statement has been classified into revenue from exchange transactions and revenue from non-exchange transactions. In the prior year revenue was not split.

39.3 GRAP 24 - Presentation of budget information in the financial statements

During the year, the municipality changed its accounting policy with respect to the presentation of budget information in the financial statements. In order to conform with the benchmark treatment in of GRAP 24 - Presentation of budget information in the financial statements as per the GRAP framework in Directive 5. The municipality presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements.

An explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts is disclosed by way of a note. Previously, the municipality disclosed the comparison of the budget versus actual figures by way of a note. Refer note 50.

39.4 GRAP 26 - Impairment of cash-generating assets

During the year, the municipality changed its accounting policy with respect to the treatment of the impairment of cash generating assets. In order to conform with the benchmark treatment in of GRAP 26 - Impairment of cash-generating assets as required in Directive 5. The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset. When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal. If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease. Previously the municipality applied IAS 36: Impairment which identified and measured impairments using similar principles.

39.5 GRAP 104 - Financial instruments

During the year, the municipality changed its accounting policy with respect to the treatment of financial instruments. In order to conform with the benchmark treatment in of GRAP104 – Financial instruments as part of the accounting framework in Directive 5. The municipality now applies GRAP 104 for the recognition, measurement, presentation and disclosure for financial instruments. Financial assets and financial liabilities are now subsequently measured either at fair value or, amortised cost or cost. Previously IAS 32, IAS 39 and IFRS 7 were applied by the municipality to recognise, measure, present and disclose financial instruments in which financial instruments were classified at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The change in the accounting policy has not resulted in any material effect on the amounts of financial instruments, only the classification.

Financial statement line items affected:

Current investments were previously classified as financial assets held to maturity. These are now classified as financial instruments at amortised cost. There has been no adjustment to the amount disclosed as the subsequent measurement is the same.

Non-current receivables were previously classified as loans and receivables. These are now classified as financial instruments at amortised cost. There has been no adjustment to the amount disclosed as the subsequent measurement is the same.

Trade and other receivables were previously classified as loans and receivables. These are now classified as financial instruments at amortised cost. There has been no adjustment to the amount disclosed as the subsequent measurement is the same.

Cash and cash equivalents were previously classified as loans and receivables. These are now classified as financial instruments at amortised cost. There has been no adjustment to the amount disclosed as the subsequent measurement is the same.

40. MATERIAL LOSSES

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
60 058 990	18 076 288
60 058 990	18 076 288

Water distribution losses

Water distribution losses

The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipes and other leakages. The water losses have increased from the prior year mainly due to the significant increase in the tariff rate used. The significant tariff increase was effected in order to recover the costs incurred in providing the services within the district.

GROUP	
2012/13	Restated 2011/12
R	R
60 058 990	18 076 288
60 058 990	18 076 288

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
645 298 077	565 185 954
598 848 495	529 511 665
15 334 465	19 645 807
31 115 117	16 028 482
-	-
-	-
645 298 077	565 185 954
559 557 893	498 016 176
85 740 184	67 169 778
645 298 077	565 185 954

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
8 752 163	11 572 680
3 670 411	4 628 489
-	-
12 422 574	16 201 169

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
123 909	45 248
300 287	267 165
133 471	134 007
557 667	446 420

41. COMMITMENTS

41.1. Commitments in respect of capital expenditure

- **Approved and contracted for**

Infrastructure	
Community	
Other- Land and buildings	

- **Approved but not yet contracted for**

Infrastructure	
Community	
Other- Land and buildings	

Total commitments

This expenditure will be financed from:

- Government Grants
 - Own resources

The comparative figure for capital commitments has been restated refer note 45.

41.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - as lessee (expense)

Minimum lease payments due

-within one year
 -in second to fifth year inclusive
 -later than five years

Operating lease payments represent rentals payable for rental of certain office properties and office equipment. Leases are negotiated for an average term of 3 years and rentals escalate on average at 10% p.a. No contingent rent is payable.

Operating leases – as lessor (income)

The major category of assets leased is property.

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Minimum lease payments due

-within one year
 -in second to fifth year inclusive
 -later than five years

Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga, Cathcart, Adelaide and Macleantown. No contingent rent is payable.

Leases are negotiated for an average of 7 years and rentals escalate by an average of 12% annually.

GROUP	
2012/13	Restated 2011/12
R	R
670 022 227	616 799 003
598 848 495	529 511 665
40 058 615	71 258 856
31 115 117	16 028 482
-	-
-	-
670 022 227	616 799 003
584 282 043	549 629 225
85 740 184	67 169 778
670 022 227	616 799 003

GROUP	
2012/13	Restated 2011/12
R	R
9 424 256	12 244 773
3 896 632	4 854 710
-	-
13 320 888	17 099 484

GROUP	
2012/13	Restated 2011/12
R	R
123 909	45 248
300 287	267 165
133 471	134 007
557 667	446 420

MUNICIPALITY			GROUP	
2012/13	Restated 2011/12		2012/13	Restated 2011/12
R	R		R	R
43.2 CONTINGENT ASSET				
The following contingent asset has been disclosed and not recognised as the outcome is dependent on a legal ruling:				
500 595	500 595	Non-performance on a contract	500 595	500 595
		The municipality has instituted legal action against a contractor and its surety. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The timing of the legal proceedings regulating the above is uncertain.		
54 152	51 619	Contractual dispute	54 152	51 619
		The municipality has claimed the bill of costs for a dismissed case relating to a contract. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The timing of the legal proceedings regulating the above is uncertain.		
1 198 370	1 198 370	Breach of contract	1 198 370	1 198 370
		The municipality instituted legal action against a contractor for damages related to breach of contract as a result of the contractors abandonment of the project. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The timing of the legal proceedings regulating the above is uncertain.		
<u>1 753 117</u>	<u>1 750 584</u>		<u>1 753 117</u>	<u>1 750 584</u>
44. RELATED PARTIES				
MUNICIPALITY			GROUP	
2012/13	Restated 2011/12		2012/13	Restated 2011/12
R	R		R	R
		Relationships		
		Subsidiary / Municipal entity	Refer to Note 4.1	
		Related party balances		
-	-	Owing by (to) Amathole Economic Development Agency (Proprietary) Limited t/a ASPIRE	-	-
15 000 000	11 500 000	Related Party Transactions	-	-
		Funding provided to Amathole Economic Development Agency for the operations of the agency		
		The account operates on a current account basis, i.e. the Agency's service providers are paid by the municipality on the Agency's behalf. No financial benefit accrues to the Agency or the municipality.		
32 940 000	71 450 000	Neighbourhood Development Grant	-	-
		Funds transferred to AEDA for implementation of NDPG project		
500 000	-	Hogsback Compost Coop	-	-
		Funds transferred to AEDA for implementation of Essential Oils Project		
500 000	-	Ndakana Honey Coop	-	-
		Funds transferred to AEDA for the support of the Blueberry project		
400 000	-	Abenzi Furniture Makers Coop	-	-
		Funds transferred to AEDA for the support of the young furniture makers project		
500 000	-	Dutywa Water and Sewer Pipe Replacement Programme	-	-
		Funds transferred to AEDA for the implementation of the Dutywa pipe replacement programme		
		No financial benefit accrues to the Agency or the municipality		

MUNICIPALITY		45. PRIOR YEAR ADJUSTMENTS	GROUP	
2012/13	Restated 2011/12	45.1. Correction of Error	2012/13	Restated 2011/12
R	R		R	R
	<u>2 671 149</u>	The comparative amounts have been restated as follows:		
	4 240 750	Errors affecting accumulated surplus 2011/12		<u>2 671 149</u>
	(6 911 899)	Decrease in accumulated surplus		4 240 750
	<u>(2 671 149)</u>	Effect on the Statement of Financial Performance		(6 911 899)
		Decrease in service charges		-
		Effect on the Statement of Financial Position		<u>(2 671 149)</u>
		Decrease in consumer debtors		
		45.1.1 Revenue - service charges		
		On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipality embarked on a data cleansing exercise to cleanse the debtor databases that were taken on from the local municipalities. During the data cleansing exercise it was found that consumer accounts taken over from the local municipalities were incorrect. Hence revenue was misstated.		
		During the period of Indigent Write offs and correction of sundry consumers a VAT tariff was incorrectly applied. It was found that Indigent subsidies and Indigent tariffs were incorrectly applied for certain indigent consumers during the prior financial year.		
		The error was corrected in the current financial year and was adjusted for retrospectively.		
		45.1.2 Property, plant and equipment - Infrastructure assets		
		During the current year, projects were identified that were in fact already completed during the 2012 financial year. The comparative amount has been restated as follows:		
		Statement of financial performance		
	<u>2 699 978</u>	Increase in Depreciation		<u>2 699 978</u>
	<u>2 699 978</u>			<u>2 699 978</u>
		Statement of financial position		
	57 650 050	Increase in Infrastructure		57 650 050
	(57 650 050)	Decrease in Work in progress		(57 650 050)
	<u>(2 699 978)</u>	Increase in accumulated depreciation		<u>(2 699 978)</u>
	<u>(2 699 978)</u>			<u>(2 699 978)</u>
		Refer note 1		
		45.1.3 Property, plant and equipment		
		Expenditure incurred during the 2012 financial year was incorrectly expensed as repairs and maintenance instead of being capitalised.		
		The error was corrected in the current financial year and was adjusted retrospectively. The comparative amount has been restated as follows:		
		Increase in accumulated surplus (Repairs and maintenance and depreciation)		(1 672 232)
	(1 672 232)			
		Statement of financial performance		
	(8 004 583)	Decrease in Repairs and maintenance		(8 004 583)
	438 490	Increase in Depreciation		438 490
	<u>(9 238 325)</u>			<u>(9 238 325)</u>
		Statement of financial position		
	7 090 527	Increase in Other assets		7 090 527
	4 342 843	Increase in Investment properties		4 342 843
	575 904	Increase in Infrastructure		575 904
	<u>(2 770 950)</u>	Increase in Accumulated depreciation		<u>(2 770 950)</u>
	<u>9 238 325</u>			<u>9 238 325</u>
		Refer note 1 and note 2		

61 590 519
7 082 147
<u>8 770 192</u>
<u><u>77 442 858</u></u>

(13 167 468)
<u>13 167 468</u>

45.2.4 Capital Commitments

The comparative figure for capital commitments was restated due to errors identified in the contract amounts and related expenditure recorded in the register. This restatement only impacts disclosure and thus has no effect on the Statement of Financial Position or Statement of Financial Performance.

The figures have been restated as follows:

Increase in Infrastructure
Increase in Community
Increase in Other

61 590 519
7 082 147
<u>8 770 192</u>
<u><u>77 442 858</u></u>

Refer note 41.1

45.2.5 Trade and other payables

The comparative figure for staff leave accrual was restated by the non-current portion of the leave provision. When applying GRAP 25: Employee benefits, the full leave liability has been recognised as an accrual as the municipality does not have an unconditional right to defer settlement of its leave liabilities and its policies allow leave to be carried forward or paid out without any restrictions.

In the prior years, the staff leave accrual was split between a current and non-current portion.

Statement of Financial Position:

Increase in Trade and other payables
Decrease in Non-current provisions

(13 167 468)
<u>13 167 468</u>

Refer note 15

46. FINANCIAL INSTRUMENTS

46.1 RISK MANAGEMENT

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations. The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities. Council has established a Risk Management Committee, which is responsible for developing and monitoring the municipality's risk management policies.

This note presents information regarding the municipality's exposure to credit risk, market risk and liquidity risk. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following items in the statement of financial position:

Amortised cost MUNICIPALITY	
2012/13	Restated 2011/12
R	R
191 063 454	346 293 276
71 281 870	33 235 538
4 369 106	4 422 761
<u>472 085 202</u>	<u>471 109 428</u>
<u><u>738 799 632</u></u>	<u><u>855 061 003</u></u>

Amortised cost MUNICIPALITY	
2012/13	Restated 2011/12
R	R
146 237 113	167 429 949

Financial Assets

Cash and cash equivalents
Trade and other receivables from exchange transactions
Other receivables from non-exchange transactions
Current investments

Financial Liabilities

Trade and other payables from exchange transactions

Amortised cost GROUP		
2012/13	Restated 2011/12	
R	R	
218 577 072	384 610 785	
71 281 870	33 235 538	
5 001 986	4 676 602	
<u>472 085 202</u>	<u>471 109 428</u>	
<u><u>766 946 130</u></u>	<u><u>893 632 353</u></u>	

Amortised cost GROUP		
2012/13	Restated 2011/12	
R	R	
155 004 309	167 975 470	

46.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Financial assets, that potentially subject the municipality to credit risk, consist principally of cash and cash equivalents, short-term deposits, loans and receivables, investments and trade and other receivables. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis.

Investments and borrowing

To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies approved by Council. The municipal entity determines concentrations of credit risk by reference to major counter-parties. Counter-parties comprise large South African banks with high quality credit ratings. Consequently, the municipality does not consider there to be any significant exposure to credit risk.

Loans receivable

Loans are granted and managed in accordance with policies and regulations as set out in note 6. The associated interest rates and repayments are clearly defined and, where appropriate, the municipality obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances.

Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the municipality does not consider there to be any significant exposure to credit risk.

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The municipality has a credit control and debt collection policy in place, and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 2% on any unpaid accounts after the due date. The municipality has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 2.

Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief.

Maximum exposure to credit risk

The carrying amount of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets. The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
191 063 454	346 293 276
472 085 202	471 109 428
71 281 870	33 235 538
4 369 106	4 422 761
1 008 109	708 131
739 807 741	855 769 134

Cash and cash equivalents
Current Investments
Trade and other receivables from exchange transactions
Other current financial asset
Other Non current financial asset

GROUP	
2012/13	Restated 2011/12
R	R
218 577 072	384 610 785
472 085 202	471 109 428
71 281 870	33 235 538
5 001 986	4 676 602
1 008 109	708 131
767 954 239	894 340 483

46.3 Interest rate risk

The municipality's activities expose it primarily to the risks of fluctuations in interest rate.

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

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

At year end financial assets exposed to interest rate risk were as follows:

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus / deficit. Investments at fixed interest rates.

Trade debtors in arrears are linked to South African prime rate plus two percent.

Loans granted are linked to a fixed rate of interest.

Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer Note 4.

At year end, financial liabilities exposed to interest rate risk were as follows:

Finance leases linked to South African prime rate.

Management manages interest rate risk by negotiating beneficial rates on floating rate loans.

Interest rate sensitivity analysis

Financial assets

At 30 June 2013, if interest rate at that date had been 50 basis points higher, with all other variables held constant, the effect on the statement of financial performance would have been R299 748 higher (2012: R325 668) with the opposite effect if the interest rate had been 50 basis points lower.

Financial liabilities

At 30 June 2013, if the interest rate at that date had been 50 basis points higher, with all the other variables held constant, the effect on the statement of financial performance would have been R702 lower (2012: R575), with the opposite effect if the interest rate had been 50 basis points lower. This is an immaterial effect on the surplus/(deficit) for the year.

46.4 Currency risk

The municipality was not a direct party to any outstanding forward exchange contracts at the reporting date.

The movement in the currency was not material to the municipality's procurement and, consequently, is not elaborated on any further

46.5 Credit quality of financial assets carried at amortised cost

Method of determining credit quality of other non-current financial assets

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

	2013	2012	
A	17%	29%	Government accounts
B	19%	15%	Business
C	65%	56%	Domestic and other

Analysis of table:

A - The debtors are of good credit quality and no default in payment is expected.

B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time

C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness.

Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief.

The municipality has determined the above credit ratings internally through the consideration of previous payment trends per debtor type.

Interest is raised at prime plus 2% on overdue accounts.

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
997 795	690 955
<u>10 314</u>	<u>17 176</u>

46.6 Reconciliation disclosures for non-current financial assets carried at amortised cost

Non-current financial assets measured at amortised cost

Deposits
 Loans to Local Municipalities

Terms and conditions

Instrument period (not applicable to equity investments)
 Contractual interest rate (if applicable)
 Is the instrument listed on a stock exchange
 For debt instruments - frequency of contractual payments

Deposits	Loans to local municipalities
0	40 years
0	4%
no	no
none	bi-annually

GROUP	
2012/13	Restated 2011/12
R	R
997 795	690 955
<u>10 314</u>	<u>17 176</u>

46.7 Impairment disclosures for other current financial assets carried at amortised cost

Municipality

Reconciliation between gross and net balances

Gross Balances

Provision for Doubtful Debts

Net Balance

	R	R	R
Other receivables from non-exchange transactions	11 343 497	(6 974 392)	4 369 105
Total	11 343 497	(6 974 392)	4 369 105

Group

Reconciliation between gross and net balances

Gross Balances

Provision for Doubtful Debts

Net Balance

	R	R	R
Other receivables from non-exchange transactions	11 976 378	(6 974 392)	5 001 986
Total	11 976 378	(6 974 392)	5 001 986

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
11 222 186	9 873 258
-	1 348 928
-	-
(4 247 794)	-
<u>6 974 392</u>	<u>11 222 186</u>

Reconciliation of the doubtful debt provision

Balance at beginning of the year

Contributions to provision
 Doubtful debts written off against provision
 Reversal of provision

Balance at end of year

GROUP	
2012/13	Restated 2011/12
R	R
11 222 186	9 873 258
-	1 348 928
-	-
(4 247 794)	-
<u>6 974 392</u>	<u>11 222 186</u>

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
-	-
4 369 106	4 422 761

Other current financial assets carried at amortised cost past due but not impaired

Other current financial assets carried at amortised cost which are less than 1 months past due are not considered to be impaired. At 30 June 2013, R 4 136 829 (2012: R4 422 761) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due
 2 months past due
 3 months past due

GROUP	
2012/13	Restated 2011/12
R	R
-	-
-	-
4 369 106	4 422 761

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
-	-
6 974 392	11 222 186

MUNICIPALITY	
2012/13	Restated 2011/12
R	R
472 085 202	471 109 428

Other current financial assets carried at amortised cost impaired

As of 30 June 2013, other current financial assets carried at amortised cost of R6 974 392 - (2012: R11 222 186 -) were impaired and provided for.

The ageing of these balances is as follows:

3 to 6 months
 Over 6 months

46.8 Reconciliation disclosures for investments

Investments measured at amortised cost

Call Investment Deposits

Terms and conditions

The following fixed deposit accounts have been classified as financial assets at amortised cost in accordance with GRAP 104: Financial Instruments. Maturity periods are fixed and range between 3 - 12 months. Average rate of return on investments 5.42% (2012: 5.98%). In accordance with the Municipality's risk management policy deposits are only made with major banks with quality credit standing and limits exposure to any one counter party.

46.9 Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. 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 and budgets are prepared and adequate utilised borrowing facilities are monitored.

On average 38% (2012: 35%) of receivable (own billed) income is realised within 30 days after the due date, and payables are settled within 30 days of invoice. National and provincial grant funding is received in terms of DoRA

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

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

2013 - MUNICIPALITY	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
		R	R	R	R
Trade and other payables	78 884 453	-	47 738 377	19 614 282	146 237 112
Other	-	-	1 195 401	-	1 195 401

2012 - MUNICIPALITY	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
		R	R	R	R
Trade and other payables	112 730 331	-	41 532 150	13 167 468	167 429 949
Other	-	-	1 044 604	-	1 044 604

2013 - GROUP	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
		R	R	R	R
Trade and other payables	78 884 453	-	56 505 573	19 614 282	155 004 308
Other	-	-	1 699 462	-	1 699 462

GROUP	
2012/13	Restated 2011/12
R	R
-	-
6 974 392	11 222 186

GROUP	
2012/13	Restated 2011/12
R	R
472 085 202	471 109 428

2012 - GROUP	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
	R	R	R	R	R
Trade and other payables	112 730 331	-	42 077 671	13 167 468	167 975 470
Other		-	1 354 432		1 354 432

2013	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
	R	R	R	R	R
Gross finance lease obligations	34 882	104 646	418 585.00	234 573.00	792 686

2012	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
	R	R	R	R	R
Gross finance lease obligations	43 411	130 234	347 289	313 471	834 405

47. SUPPLY CHAIN MANAGEMENT POLICY

The Municipal Manager has the power to authorise deviations from the normal Procurement Process. Contracts awarded in terms of deviations from and ratification of minor breaches of procurement processes of the Supply Chain Management policy amounted to R185 853 331 being 449 instances.

SUMMARY OF SUPPLY CHAIN MANAGEMENT DEVIATIONS RATIFIED

TYPE	AMOUNT
Deviations	173 868 359
Breaches	11 984 971
TOTAL	185 853 331

In line with section 36(2) of the Supply Chain Management Regulations, 30 May 2005 the Agency appointed Ernst and Young to conduct an investigation on allegation of tender irregularities. Based on the sensitivity of the matter competitive bidding approach was considered inappropriate as it would have compromised the confidentiality of the investigation. The appointment of Ernst for an amount of R129 750 exclusive of VAT and disbursements was ratified by the Board of Directors on the 20th May 2013.

48. NON-COMPLIANCE WITH THE MUNICIPAL FINANCE MANAGEMENT ACT

48.1 NON-COMPLIANCE WITH SECTION 71(1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT

All the monthly budget statements were submitted to the Mayor, National and Provincial Treasury during the financial year, however the month of October 2012 was not submitted within 10 working days.

48.2 Bids awarded to family of employees in service of the state

In terms of the SCM regulations, any award above R2 000 to family members of employees in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded on the declaration-of-interest form.

MUNICIPALITY	
2012/13	2011/12
R	R
96 250	-
5 523	-
101 773	-

Connected person	Position held
N. Soga	Chief Financial Officer
Z. Poto	Engineering Assistant
Total	

GROUP	
2012/13	2011/12
R	R
96 250	-
5 523	-
101 773	-

48.3 SCM regulations

The agency did not submit all supply chain implementation quarterly reports within 10 days of the end of each quarter as required by the approved supply chain policy.

49. EVENTS AFTER THE REPORTING DATE

A decision was taken to purchase a mayoral residence during September 2013. A residence for an amount of R6 900 000 was purchased by the municipality through an expression of interest process. Site visits were undertaken, an evaluation was undertaken and the report submitted to the Bid Adjudication Committee. The Bid Adjudication Committee recommended to the Municipal Manager who approved the purchase of the property.

Amathole District Municipality
Consolidated Annual Financial Statements
Notes to the Annual Financial Statements
for the year ended 30 June 2013

50 **Budget Information**

50.1 **Explanation of variances between approved and final budget amounts**

The variances between the approved and final budgets are mainly due to adjustments and virements.

Income

The overall income variance is due to budget adjustments on funds rolled over from the prior year pertaining to internally funded projects.

Additional funding was required for the new Legislative Executive Support Services department and for Local Economic Development projects.

An additional amount was allocated to fund Councillor salaries.

Expenditure

The expenditure budget was increased as a result of the additional operating activities from the establishment of the Legislative Executive Support Services department, as well as the expenditure items on the internally funded projects and Councillor salaries.

Capital

The overall capital budget has increased as a result of the establishment of the new Legislative Executive Support Services department.

50.2 **Explanation of variances greater than 10%: Final budget and actual amounts**

50.2.1 **Statement of financial performance**

Revenue

1 Service charges

The actual service charges billed for the year exceeds the budgeted amount as additional meters were installed, these were not included when determining the budget figure.

Further to this the Service Coverage information implemented on the system was not yet received when the budget for 2012/13 financial year was being finalised.

2 Rental of facilities and equipment

The variance is the result of improved processes relating to rental of property and facilities.

3 Interest earned - external investments

Interest earned on the continuous favourable cash/investment balance during the year. Interest rates are linked to market conditions.

4 Interest earned - outstanding receivables

The municipality has written off bad debts during the year thereby reducing the outstanding amounts.

5 Other income

Other income includes an amount from the accumulated surplus to balance the budget.

6 Government grants and subsidies

Actual government grants received exceeds the budgeted amount due to the conditions of the MIG grant being met and transferred to revenue including the roll-over from then 2011/12 financial year.

7 Fines

The fines that were budgeted for include air pollution and waste management fines. There were none charged during the year.

8 Other income

This item includes the VAT portion of grants that is recognised as own revenue.

Expenditure

9 Employee related costs

The under spending on employee costs is as a result of approved and budgeted posts not being filled during the current year. In addition there have been resignations.

10 Bad debts

The actual bad debt expense exceeds the budgeted amount, due to a large number of account holders who have have not paid their long outstanding debts.

The municipality has made many follow – ups and attempts to collect the outstanding debts from consumers by:

Restrictions and disconnections as per the credit control and debt collection policy;

Handing over of accounts to Debt Collector; and

Indigent registration throughout the 7 local municipalities that the ADM is servicing.

Due to the very low recovery rate, the provision for bad debts has been increased.

11 Depreciation and amortisation expense

New schemes commissioned during the during the year, hence depreciation has increased.

12 Repairs and maintenance

Under spending on repairs and maintenance is as a result of the anticipated repair not occurring.

The budget amount includes an element of contingency and attempts to cater for unexpected repairs that may occur.

13 Contracted services

The leasing expenditure for office equipment such as fax machines and printers is less than the budgeted amount as the capital portions of the lease payments that have been classified as finance leases are offset against the lease liability in the statement of financial position.

14 General expenses

Staff recruitment is under-spent as the budget was not utilised due to staff being recruited internally, hence no recruitment costs that were initially catered for were not incurred.

Job evaluation spending is dependent on the outcomes of the job grading.

Subsistence and travel is under spent as officials did not travel as envisaged and the municipality attempts to save costs where it can by travelling locally.

The **indigent support** expenditure was set off against service charges as required by GRAP 9.

Amathole District Municipality
Consolidated Annual Financial Statements
Notes to the Annual Financial Statements
for the year ended 30 June 2013

15 Finance charges

New lease agreements were entered into for the lease of photo-copiers and fax machines. Certain of these lease agreements were classified as finance lease agreements in accordance with the requirements of the GRAP standards.

Interest cost on the defined benefit obligation has been included in the finance costs not employee costs as required by GRAP 25.

16 Gain / Loss on sale of assets

Gain/loss on the disposal of assets is not budgeted for due its ad hoc nature and level of uncertainty

17 Transfers and Grants

Mlungisi Community Commercial Park construction was often delayed by inclement weather, unexpected bed rock at the construction

Blue Berries funding transfer delayed by the department of Rural Development and therefore no expenditure incurred.

Hamburg Arts Retreat funding from the department of Tourism was also delayed pending the revision of the contract to include certain components of the project.

All corporate, communications and strategic projects were completed under budget during the financial year

18 Impairment Loss

The impairment loss relates to Map stands that were obsolete and sold as scrap metal. Impairment loss are not budgeted for due to its ad hoc nature and level of uncertainty.

19 Taxation

There was no current tax in the current year

51 Performance on conditional grants

51.1 Budget reform

An application for rollover has been sent to National Treasury. The remaining funds are earmarked for training of Minimum Competency Training including other related capacity building training that has been requested by the interns. The municipality is fully committed to spend the balance as there is need to fully empower the youth in the Amathole District Municipality on Local Government Finance.

51.2 Expanded Public Works Programme Incentive Grant

Application for Roll-over has been submitted to National Treasury for approval. A portion of the balance has been spent in July for the payments of the EPWP Internship stipends

51.3 MSIG

Computerised systems for local municipalities

Project did not materialise due to lack of IT infrastructure to carry the project.

Workplace skills plans for local municipalities

Project was completed in June 2012 and the remaining amount is declared as savings.

Local municipality support - Nkonkobe

The project has been completed in July 2013. There is an invoice of R 11,860 that has been paid in July 2013 that requires a roll over application. The balance is to be declared.

Purchase and install civil designer

The project was completed during December 2012.

HR Strategy Development

Project completed the remaining balance is VAT portion to be returned to the funder.

Review of HR policies

Project completed the remaining balance is VAT portion to be returned to the funder.

51.4 MIG

Application for Roll-over has been submitted to National Treasury for approval. The projects that the budget will be spent on are ready for implementation with the Contractors already in place. It will take one month for the ADM to finish the roll-over.

51.5 Flood Relief Projects

These were the savings on the Road Disaster in 2006, initially ADM Health Dept (Disaster Unit) was going to apply for the utilisation of these funds in their disaster projects but have subsequently no longer shown interest to utilise these funds.

51.6 DWA - Bulk Water Supply

Great Kei River Basin: Feasibility study was completed and the closing report was sent. DWA did not approve the water use licence so that we continue with the scheme amount to be returned R 492 000.00. Idutywa Water supply: This project is being implemented under MIG amount to be returned is R 376 447.50

51.7 DWA Support - Drought issues

Currently equipping boreholes. The project is also co-funded by ADM's internal funds.

51.8 Development planning funds

Victoria Post

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Teko Springs/Ndlovini

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Needs Camp

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Hogsback

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Haga Haga

Funded by the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting the finalisation of the Feasibility Study for land suitability before end June.

Willowvale

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Eastern Cape Development Tribunal for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Elliotdale

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Ndevana

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Amathole District Municipality
Consolidated Annual Financial Statements
Notes to the Annual Financial Statements
for the year ended 30 June 2013

Msombomvu

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Hertzog

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Great Kei Planning

Project complete

Mnquma Planning

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Ngqushwa Planning

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Nkonkobe Planning

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Mnquma Survey

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Ngqushwa Survey

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Nkonkobe Survey

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

Lewis Survey

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

H&LG Survey

Funding was received from the Provincial Department of Local Government through Business Plans that were requesting funding. However, the project is awaiting approval of the Provincial Department of Local Government for a submitted Layout Plan. The balance thereon will be paid upon approval of the Plan.

51.9 Provincial Housing Project Funds

Prudoe Eng Design

Project complete

Dongwe Eng Design

Project complete

Kubusie Establishment grant

The project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Ndlovini Establishment grant

The funds being a balance are or should have been in the process of being transferred back to the funder, since the project is complete.

Ducats Establishment grant

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Macleantown Establishment grant

The funds are or should have been in the process of being transferred back to the funder, since BCM is now implementing the project.

Prudoe Establishment grant

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Dongwe/Prudoe Establishment grant

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Teko Springs Establishment grant

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to

Amathole District Municipality
Consolidated Annual Financial Statements
Notes to the Annual Financial Statements
for the year ended 30 June 2013

complete the project in 2013/14 provincial financial year.

Needs Camp Establishment grant

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Teko Spring Top Structure

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Prudoe Top Structure

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Dongwe Top Structure

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Needs Camp Top Structure

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is in its final stages and is to be finalised and closed in the current Provincial financial year.

Ducats top Structures Subsidy

Project was funded by the Provincial Department of Human Settlements through Business Plans that were requesting funding. However, the project is awaiting top up funding from the Provincial Department of Human Settlements to complete the project in 2013/14 provincial financial year.

Kubusie Top Structure

Project complete.

Macleantown Top Structure

Funds were returned to the funder

Lilyvale Kayb Establishment Grant

The funds are or should have been in the process of being transferred back to the funder, since BCM is now implementing the project

Kaysers Beach Housing Project

The balance of the funds should be taken as ADM income as ADM bridged the financing.

Lilyvale Eng Designs

Project complete

51.10 Keiskamma Betterment (DLA)

Currently implementing the projects as per the development plan. This is multi year in nature.

Restitution Award

Currently implementing the projects as per the development plan. This is multi year in nature.

51.11 Elliotdale BNG Pilot Funds

Beneficiary Administration

Project complete

Geo Hydrology

The Geohydrological Investigation was never undertaken due to implementation of this project being taken over by the Eastern Cape Provincial Department of Human Settlements. No further advances will be forthcoming in respect of this project from Province, hence the Eastern Cape Provincial Department of Human Settlements deemed it prudent to recover these unutilised Housing Funds remaining in respect of Elliotdale BNG Housing Project Geohydrological Investigation Account as a matter of urgency. The funds (advanced) will be returned to Eastern Cape Provincial Department of Human Settlements

51.12 DEDEA

Bawa Falls LED Project

Finalising the terms of reference for the renovation of the existing structure as the funding is insufficient to undertake the construction of the new chalets.

Elliotdale Brick making

Currently procuring block making machinery.

EC Information Initiative Support

Project complete and the balance is as a result of the VAT.

51.13 Public Transport Facility Grant

EDCOT funds

The ECDOT funds amount of R 2 741 792.50 is allocated for the Butterworth Public Transport Facility – Taxi Roof Structure which is currently at contractor procurement stage. The project forms part of the 2013/14 SDBIP.

51.14 Mbashe LM: Extension 8

Idutywa Extension 8

The funds are to be sent back to the funder as the project is now implemented by the Department of Housing.

51.15 Roof Top Rain Water Harvesting

Funds will be used on rain water harvesting in 2013/14.

51.16 Design guidelines and standard drawings

Project complete, to apply to the funder to use the balance for other related projects.

- 51.17 WMIS grant**
Project Complete balance to be used for new existing WMIS project, being funded using internal funding.
- 51.18 Water Service Capacity Business Plan 10/11**
Projects complete - requesting permission from funder to utilise the funding on other water related projects
- 51.19 Household Leak Repair**
After initial delays, the contractor has been appointed and project will be completed by 28 February 2014.
- 51.20 Ngqusi Rain Water Harvesting**
VAT portion, to be consolidated to Roof top rain water harvesting.
- 51.21 Communal Water Stations**
VAT portion, to be consolidated to Roof top rain water harvesting.
- 51.22 Business Plans for WSP's**
Project complete
- 51.23 Free Basic Services Strategy Development**
Free Basic Policy developed using funding from another source. Will request permission from funder to utilise the funds on other priority projects
- 51.24 Adelaide Water Re-use Phase 1**
Initial project complete, savings are being used to top up "sister" sanitation upgrade project.
Project is 90% complete
- 51.25 WSA Routine Monitoring Program**
Project complete, to request permission from funder to utilise the funds on other priority projects.
- 51.26 Adelaide Old Oxidation Ponds**
Project in progress - 90% complete.
- 51.27 Balfour Sawmills**
A letter was sent to the funder to change the scope of the project as the funds were originally transferred to ADM without identifying and no consultation were done prior the transfer of funds. ADM is still awaiting response.
- 51.28 Highlands Resort**
Project complete, as the Business Plan is Complete and the balance and need to be taken to the funder.
- 51.29 Peddie Brick Making**
Currently procuring the services for the brick making material.
- 51.30 Inkuthalo Hydroponics**
Currently, process payments for the hydroponic tunnels material and the remaining balance will be used to pay the clearing of the site.
- 51.31 Silwindlala Women's Project**
The project is in the procurement phase.
- 51.32 Capacity Building for LM's**
Funds to be utilised for LED Training in early June.
- 51.33 LED Capacity Building - Ngqushwa**
Recruitment processes are underway to appoint an LED assistant for a period of 2 years.
- 51.34 DWA once-off Accommodation**
Quotations for ablution facilities sourced, will be spent by the end of this financial year.
- 51.35 DWA Refurbishment**
There were some delays in procuring the services of these National Term Tenders since it was a new thing but because of our newly appointed Supply Chain Manager (SCM) it helped and eventually the ADM participated on the contract. An application for rollover has been sent to National Treasury as these funds are now committed to a service provider.
- 51.36 Chanta Development Fund**
Funds will be used on Rain Water Harvesting in 2013/14.
- 51.37 Fingoland Regional Authority**
Currently implementing the projects as per the development plan. This is multi year in nature.
- 51.38 Dwesa Cwebe Restitutional**
Need to revise as per the resolution of the Budget Steering Committee of August 2012 .
- 51.39 Development Craft Centre**
Funds are committed to undertake the architectural designs of the Craft Market.
- 51.40 Tourism Survey**
Currently procuring the services for the Tourism Survey.
- 51.41 Skills Development Centre**
Project complete
- 51.42 Co-operatives Specialist**
CDC needs analysis currently being conducted.
- 51.43 Tourism Marketing Strategy**
Project Complete, and funds need to be returned to the funder.
- 51.44 Nxuba Dam Chalets Development**
Project Complete, and funds need to be returned to the funder.

Amathole District Municipality
Consolidated Annual Financial Statements
Notes to the Annual Financial Statements
for the year ended 30 June 2013

51.45 Capacitate and Resource Centre

Funds are being utilised for capacitating centres.

51.46 Eastern Regional Solid Waste

Project complete.

51.47 SETA

Funds will be utilised this financial year for training of staff on Asset Management (RFQ with SCM), Finance for Non Financial Managers (RFQ already in ADM website), First Aid Training (tender already awarded) some of the funds will be utilised for payment of 3 LGSETA interns). Correspondence will be prepared and forwarded to LGSETA requesting a rollover to the next financial year for any remaining funds.

51.48 Ploughing Contractors - Ward 10

Will be integrated into the 13/14 Ploughing Projects as part of the Mechanisation Input and Supply .

51.49 Ploughing Contractor - Ngxakaxa

Will be integrated into the 13/14 Ploughing Projects as part of the Mechanisation Input and Supply .

51.50 Ploughing Contractors - Ward 15

Will be integrated into the 13/14 Ploughing Projects as part of the Mechanisation Input and Supply .

51.51 Bucket Eradication

Project complete

51.52 Tech Assistance to Development Profile

Currently processing payments for the development of the Great Kei LED Strategy, Nxuba LED Strategy and Training of LED Practitioners

51.53 IDP local municipalities

Project complete

51.54 Public Awareness

Project complete

Appendix A
Amathole District Municipality
Consolidated Annual Financial Statements
Schedule of External Loans

as at 30 June 2013

EXTERNAL LOANS	Loan Number	Interest Rate	Final Redemption Date	Balance at 01/07/2012	Corrections	Balance at 01/07/2012 Restated	Received during the period	Redeemed written off during the period	Balance at 30/06/2013
				R	R	R	R	R	R
LONG-TERM LOANS									
DBSA Loan - Nkonkobe	8237	11%	2014/09/30	-	-	-	-	-	-
DBSA Loan - Great Kei	10876	15%	2019/06/30	-	-	-	-	-	-
DBSA Loan - Nxuba	11416	17%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Total long-term loans				-	-	-	-	-	-
CURRENT PORTION									
DBSA Loan - Amahlathi [In arrears]	11641	11%	2007/06/30	-	-	-	-	-	-
DBSA Loan - Nxuba	11240	16%	2010/12/31	-	-	-	-	-	-
Total short term loans				-	-	-	-	-	-
TOTAL EXTERNAL LOANS				-	-	-	-	-	-

These loans were settled during the 2008/09 financial year.

Appendix B
Amathole District Municipality
Consolidated Annual Financial Statements
Analysis of Property Plant and Equipment: Municipality
as at 30 June 2013

Classification	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
INFRASTRUCTURE	3 084 514 002	562 485 144	-	3 646 999 143	(386 470 022)	(133 491 991)	-	(519 962 013)	3 127 037 130
Water									
Reservoirs & Tanks	306 113 947	-	-	306 113 947	(48 251 429)	-	-	(48 251 429)	257 862 519
Supply / Reticulation	1 241 063 285	1 019 820	-	1 242 083 105	(220 239 763)	(131 658)	-	(220 371 421)	1 021 711 684
Water - Other	429 154 684	560 510 283	-	989 664 967	(44 396 357)	(132 593 888)	-	(176 990 245)	812 674 723
Water Mains	173 461 762	13 990	-	173 475 752	(28 784 532)	(466)	-	(28 784 998)	144 690 755
Meters	59 930 362	849 850	-	60 780 212	(15 134 344)	(765 979)	-	(15 900 323)	44 879 889
Sanitation									
Purification works	166 186 820	-	-	166 186 820	(15 196 024)	-	-	(15 196 024)	150 990 796
Sewers	79 394 457	91 200	-	79 485 657	(14 467 574)	-	-	(14 467 574)	65 018 083
Infrastructure under Construction	629 208 685	-	-	629 208 685	-	-	-	-	629 208 685
COMMUNITY	21 120 703	-	-	21 120 703	(1 464 181)	(190 400)	-	(1 654 581)	19 466 122
Clinics & Hospitals	1 670 000	-	-	1 670 000	(371 853)	(55 667)	-	(427 520)	1 242 480
Fire Stations	2 100 000	-	-	2 100 000	(686 000)	(56 000)	-	(742 000)	1 358 000
Security System	47 594	-	-	47 594	(47 595)	-	-	(47 595)	(1)
Museum & Art Galleries	262 000	-	-	262 000	(70 000)	(70 000)	-	(140 000)	122 000
Civic Buildings	1 680 000	-	-	1 680 000	(288 733)	(8 733)	-	(297 466)	1 382 534
Under Construction	15 361 109	-	-	15 361 109	-	-	-	-	15 361 109
INVESTMENT PROPERTIES	-	-	-	-	-	-	-	-	-
OTHER	131 652 307	43 029 682	3 955 495	170 726 494	(57 729 665)	(19 212 573)	(3 210 212)	(73 732 025)	96 994 498
LAND AND BUILDINGS	18 806 918	167 382	-	18 974 300	(3 379 438)	(693 821)	-	(4 073 259)	14 901 041
Land	4 570 961	-	-	4 570 961	-	-	-	-	4 570 961
Buildings	14 235 957	167 382	-	14 403 339	(3 379 438)	(693 821)	-	(4 073 259)	10 330 080
Office Equipment	17 281 450	4 866 446	-	22 147 896	(15 185 702)	(2 499 118)	-	(17 684 819)	4 463 077
Air Conditioners	276 462	121 847	-	398 309	(65 581)	(52 970)	-	(118 551)	279 758
Computer Hardware	12 155 392	4 154 284	-	16 309 676	(11 384 359)	(1 772 619)	-	(13 156 978)	3 152 698
Operating Software	1 109 708	-	-	1 109 708	(1 109 708)	-	-	(1 109 708)	0
Other Office Equipment	1 590 676	299 612	-	1 890 289	(975 151)	(329 440)	-	(1 304 591)	585 698
Office Machines	2 149 211	290 702	-	2 439 914	(1 650 903)	(344 089)	-	(1 994 991)	444 922
Furniture and Fittings	4 965 520	5 251 185	5 300	10 211 405	(4 491 056)	(700 203)	(505)	(5 190 754)	5 020 680
Tables and Desks	1 413 529	467 449	-	1 880 978	(850 598)	(135 151)	-	(985 749)	895 229
Chairs	1 068 871	530 477	-	1 599 349	(662 333)	(88 182)	-	(750 515)	848 834
Furniture and Fittings : Other	2 286 414	4 242 962	5 300	6 524 076	(2 964 675)	(457 779)	(505)	(3 421 949)	3 102 127
Bin & Containers	196 705	10 297	-	207 002	(13 450)	(19 091)	-	(32 541)	174 460
Plant and Equipment	10 925 024	10 407 675	119 500	21 213 199	(8 843 370)	(1 473 078)	(95 365)	(10 221 083)	10 992 116
Compressors	1 240	-	-	1 240	(579)	(291)	-	(870)	370
Medical Equipment	20 212	-	-	20 212	(18 368)	(1 843)	-	(20 212)	-
Fire Equipment	168 863	5 022 492	-	5 191 355	(63 451)	(13 874)	-	(77 325)	5 114 030
Fire Arms	1 775	-	-	1 775	(1 775)	-	-	(1 775)	-
Laboratory Equipment	38 240	10 351	-	48 591	(21 906)	(4 112)	-	(26 018)	22 573
Lawnmowers	245 648	177 664	-	423 312	(93 670)	(125 343)	-	(219 013)	204 298
Plant & Equipment : General	1 024 174	5 197 167	-	6 221 341	(2 544 311)	(402 785)	-	(2 947 096)	3 274 245
Tractors and Trailers	9 402 430	-	119 500	9 282 930	(6 077 103)	(924 593)	(95 365)	(6 906 331)	2 376 599
Radio Equipment	22 443	-	-	22 443	(22 206)	(237)	-	(22 443)	0
Motor Vehicles	79 673 395	22 336 995	3 830 695	98 179 694	(25 830 099)	(13 846 353)	(3 114 342)	(36 562 109)	61 617 585
Motor Vehicles	6 088 521	2 963 247	601 352	8 450 416	(2 808 850)	(1 180 211)	(601 352)	(3 387 709)	5 062 707
Fire Engines	7 348 611	3 892 903	-	11 241 514	(2 471 854)	(406 336)	-	(2 878 190)	8 363 324
Trucks & Bakkies	66 236 263	15 480 845	3 229 343	78 487 765	(20 549 396)	(12 259 805)	(2 512 990)	(30 296 211)	48 191 554
TOTAL	3 237 287 010	605 514 826	3 955 495	3 838 846 340	(445 663 869)	(152 894 964)	(3 210 212)	(595 348 620)	3 243 497 750

Appendix B
Amathole District Municipality
Consolidated Annual Financial Statements
Analysis of Property Plant and Equipment: Group
as at 30 June 2013

Classification	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
INFRASTRUCTURE	3 084 514 002	562 485 144	-	3 646 999 143	(386 470 022)	(133 491 991)	-	(519 962 013)	3 127 037 130
Water									
Reservoirs & Tanks	306 113 947	-	-	306 113 947	(48 251 429)	-	-	(48 251 429)	257 862 519
Supply / Reticulation	1 241 063 285	1 019 820	-	1 242 083 105	(220 239 763)	(131 658)	-	(220 371 421)	1 021 711 684
Water - Other	429 154 684	560 510 283	-	989 664 967	(44 396 357)	(132 593 888)	-	(176 990 245)	812 674 723
Water Mains	173 461 762	13 990	-	173 475 752	(28 784 632)	(466)	-	(28 784 998)	144 690 755
Meters	59 930 362	849 850	-	60 780 212	(15 134 344)	(765 979)	-	(15 900 323)	44 879 889
Sanitation									
Purification works	166 186 820	-	-	166 186 820	(15 196 024)	-	-	(15 196 024)	150 990 796
Sewers	79 394 457	91 200	-	79 485 657	(14 467 574)	-	-	(14 467 574)	65 018 083
Infrastructure under Construction	629 208 685	-	-	629 208 685	-	-	-	-	629 208 685
COMMUNITY	21 120 703	-	-	21 120 703	(1 464 181)	(190 400)	-	(1 654 581)	19 466 122
Clinics & Hospitals	1 670 000	-	-	1 670 000	(371 853)	(55 667)	-	(427 520)	1 242 480
Fire Stations	2 100 000	-	-	2 100 000	(686 000)	(56 000)	-	(742 000)	1 358 000
Security System	47 594	-	-	47 594	(47 595)	-	-	(47 595)	(1)
Museum & Art Galleries	262 000	-	-	262 000	(70 000)	(70 000)	-	(140 000)	122 000
Civic Buildings	1 680 000	-	-	1 680 000	(288 733)	(8 733)	-	(297 466)	1 382 534
Under Construction	15 361 109	-	-	15 361 109	-	-	-	-	15 361 109
INVESTMENT PROPERTIES	-	-	-	-	-	-	-	-	-
OTHER	132 398 686	43 147 835	3 966 469	171 580 522	(58 074 187)	(19 351 049)	(3 217 705)	(74 207 530)	97 372 551
LAND AND BUILDINGS	18 806 918	167 382	-	18 974 300	(3 379 438)	(693 821)	-	(4 073 259)	14 901 041
Land	4 570 961	-	-	4 570 961	-	-	-	-	4 570 961
Buildings	14 235 957	167 382	-	14 403 339	(3 379 438)	(693 821)	-	(4 073 259)	10 330 080
Office Equipment	17 667 627	4 961 368	6 914	22 622 081	(15 447 298)	(2 584 468)	(3 499)	(18 028 266)	4 593 815
Air Conditioners	276 462	121 847	-	398 309	(65 581)	(52 970)	-	(118 551)	279 758
Computer Hardware	12 495 539	4 232 039	5 825	16 721 753	(11 618 826)	(1 850 059)	(2 410)	(13 466 475)	3 255 278
Operating Software	1 109 708	-	-	1 109 708	(1 109 708)	-	-	(1 109 708)	0
Other Office Equipment	1 636 706	316 779	1 089	1 952 397	(1 002 280)	(337 350)	(1 089)	(1 338 541)	613 856
Office Machines	2 149 211	290 702	-	2 439 914	(1 650 903)	(344 089)	-	(1 994 991)	444 922
Furniture and Fittings	5 325 722	5 274 416	9 360	10 590 778	(4 573 982)	(753 329)	(4 499)	(5 322 812)	5 267 995
Tables and Desks	1 773 731	490 680	4 060	2 260 351	(933 524)	(188 277)	(3 994)	(1 117 807)	1 142 544
Chairs	1 068 871	530 477	-	1 599 349	(662 333)	(88 182)	-	(750 515)	848 834
Furniture and Fittings : Other	2 286 414	4 242 962	5 300	6 524 076	(2 964 675)	(457 779)	(505)	(3 421 949)	3 102 127
Bin & Containers	196 705	10 297	-	207 002	(13 450)	(19 091)	-	(32 541)	174 460
Plant and Equipment	10 925 024	10 407 675	119 500	21 213 199	(8 843 370)	(1 473 078)	(95 365)	(10 221 083)	10 992 116
Compressors	1 240	-	-	1 240	(579)	(291)	-	(870)	370
Medical Equipment	20 212	-	-	20 212	(18 368)	(1 843)	-	(20 212)	-
Fire Equipment	168 863	5 022 492	-	5 191 355	(63 451)	(13 874)	-	(77 325)	5 114 030
Fire Arms	1 775	-	-	1 775	(1 775)	-	-	(1 775)	-
Laboratory Equipment	38 240	10 351	-	48 591	(21 906)	(4 112)	-	(26 018)	22 573
Lawnmowers	245 648	177 664	-	423 312	(93 670)	(125 343)	-	(219 013)	204 298
Plant & Equipment : General	1 024 174	5 197 167	-	6 221 341	(2 544 311)	(402 785)	-	(2 947 096)	3 274 245
Tractors and Trailers	9 402 430	-	119 500	9 282 930	(6 077 103)	(924 593)	(95 365)	(6 906 331)	2 376 599
Radio Equipment	22 443	-	-	22 443	(22 206)	(237)	-	(22 443)	0
Motor Vehicles	79 673 395	22 336 995	3 830 695	98 179 694	(25 830 099)	(13 846 353)	(3 114 342)	(36 562 109)	61 617 585
Motor Vehicles	6 088 521	2 963 247	601 352	8 450 416	(2 808 850)	(1 180 211)	(601 352)	(3 387 709)	5 062 707
Fire Engines	7 348 611	3 892 903	-	11 241 514	(2 471 854)	(406 336)	-	(2 878 190)	8 363 324
Trucks & Bakkies	66 236 263	15 480 845	3 229 343	78 487 765	(20 549 396)	(12 259 805)	(2 512 990)	(30 296 211)	48 191 554
TOTAL	3 238 033 389	605 632 979	3 966 469	3 839 699 898	(446 008 391)	(153 033 440)	(3 217 705)	(595 824 125)	3 243 875 806

Appendix C

Amathole District Municipality
Consolidated Annual Financial Statements

Segmental Analysis of Fixed Property, Plant and Equipment per Department: Municipality

as at 30 June 2013

	Cost / Revaluation				Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	
Council & General	2 518 867	1 135 624	(675 782)	2 978 709	1 817 921	239 454	(675 782)	1 381 593	1 597 116
Municipal Management	1 208 013	328 212	(353 907)	1 182 318	797 627	161 519	(74 065)	885 082	297 236
Budget & Treasury	5 746 577	1 012 731	(118 271)	6 641 036	3 505 111	926 898	(118 271)	4 313 738	2 327 298
Corporate Services	21 517 983	1 716 013	(158 244)	23 075 752	8 544 267	1 457 470	(158 244)	9 843 493	13 232 259
Health & Protection	18 941 341	7 482 763	(475 765)	25 948 339	8 637 071	2 553 270	(470 970)	10 719 371	15 228 968
Engineering Services	305 867 061	19455678	(511 644)	324 811 095	8 032 749	46 380 960	(511 644)	53 902 065	270 909 030
O & M Water & Sanitation	2 857 912 191	382160776	(1 542 381)	3 238 530 587	399 324 410	52 489 203	(1 045 238)	450 768 375	2 787 762 211
Strategic Management	10 389 330	191661787.2	-	202 051 117	7 023 599	46 743 894	-	53 767 493	148 283 624
Land & Housing	13 185 646	561 242	(119 500)	13 627 388	8 599 174	1 324 205	(155 998)	9 767 381	3 860 008
Total	3 237 287 010	605 514 825	(3 955 495)	3 838 846 340	446 281 927	152 276 875	(3 210 212)	595 348 590	3 243 497 750

Appendix C
Amathole District Municipality
Consolidated Annual Financial Statements
Segmental Analysis of Fixed Property, Plant and Equipment per Department: Group
as at 30 June 2013

	Cost / Revaluation				Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	
Council & General	2 518 867	1 135 624	(675 782)	2 978 709	1 817 921	239 454	(675 782)	1 381 593	1 597 116
Municipal Management	1 208 013	328 212	(353 907)	1 182 318	797 627	161 519	(74 065)	885 082	297 236
Budget & Treasury	5 746 577	1 012 731	(118 271)	6 641 036	3 505 111	926 898	(118 271)	4 313 738	2 327 298
Corporate Services	21 517 983	1 716 013	(158 244)	23 075 752	8 544 267	1 457 470	(158 244)	9 843 493	13 232 259
Health & Protection	18 941 341	7 482 763	(475 765)	25 948 339	8 637 071	2 553 270	(470 970)	10 719 371	15 228 968
Engineering Services	305 867 061	19455678	(511 644)	324 811 095	8 032 749	46 380 960	(511 644)	53 902 065	270 909 030
O & M Water & Sanitation	2 857 912 191	382160776	(1 542 381)	3 238 530 587	399 324 410	52 489 203	(1 045 238)	450 768 375	2 787 762 211
Strategic Management	10 389 330	191661787.2	-	202 051 117	7 023 599	46 743 894	-	53 767 493	148 283 624
Land & Housing	13 185 646	561 242	(119 500)	13 627 388	8 599 174	1 324 205	(155 998)	9 767 381	3 860 008
ASPIRE	746 379	118 154	(10 974)	853 558	344 523	138 475	(7 493)	475 504	378 054
Total	3 238 033 389	605 632 979	(3 966 469)	3 839 699 898	446 626 450	152 415 349	(3 217 705)	595 824 095	3 243 875 806

Appendix D
Amathole District Municipality
Consolidated Annual Financial Statements
Segmental Statement of Financial Performance: Municipality
for the year ended 30 June 2013

2011/12 Actual Income	2011/12 Actual Expenditure	2011/12 Surplus/ (Deficit)		2012/13 Actual Income	2012/13 Actual Expenditure	2012/13 Actual Surplus/ (Deficit)	
R	R	R		R	R	R	
1 152 651 209	1 005 072 131	147 579 078	RATE AND GENERAL SERVICES	1 552 797 278	1 107 266 124	445 531 154	
1 152 651 209	1 005 076 031	147 575 180	Community Services	1 552 797 278	1 107 266 124	445 531 154	
21 778 967	36 478 412	(14 699 445)	Council General	28 650 676	32 547 297	(3 896 621)	
3 069	9 395 903	(9 392 834)	Mayoral Committee	2 241 224	10 758 325	(8 517 101)	
56 524 889	11 203 377	45 321 512	Strategic Manager	50	3 609 249	(3 609 199)	
1 221 542	7 868 776	(6 647 234)	Municipal Support Unit	4 360	22 266 374	(22 262 014)	
-	15 328 020	(15 328 020)	Internally funded Projects	69 885 302	9 227 237	60 658 066	
66 856	15 430 083	(15 363 227)	Information Management Unit	1 063 250	14 645 338	(13 582 088)	
237 908	19 608 952	(19 371 044)	Executive Support Services	-	1 299 025	(1 299 025)	
316	2 695 328	(2 695 012)	Speaker Support	14 989 632	35 575 662	(20 586 030)	
66 017 533	39 778 858	26 238 675	Corporate Services	76 621 682	48 359 793	28 261 889	
671 291	21 243 784	(20 572 493)	Human Resources	1 351 041	26 838 870	(25 487 828)	
62 296 128	7 959 656	54 336 472	Budget and Treasury	70 292 819	10 440 233	59 852 587	
397 616	408 076	(10 460)	Budget Reform	702 112	702 647	(535)	
28 480 364	8 860 634	19 619 730	Accounting and Reporting	25 991 039	8 706 252	17 284 787	
-	3 023 051	(3 023 051)	Asset Management	-	2 946 428	(2 946 428)	
14 145	6 441 518	(6 427 373)	Supply Chain	2 032 770	9 101 274	(7 068 504)	
494	2 081 397	(2 080 903)	Budgeting	-	2 135 017	(2 135 017)	
95 539	38 887 279	(38 791 740)	Revenue	111 340	40 651 243	(40 539 903)	
-	4 157 417	(4 157 417)	Expenditure	8 912	5 461 927	(5 453 015)	
558 406 526	61 354 696	497 051 830	Engineering Services	773 475 333	70 293 989	703 181 344	
2 135	8 318 347	(8 316 212)	Building and Services Planning	874	13 432 305	(13 431 432)	
-	1 645 449	(1 645 449)	Solid Waste site	763 632	3 451 227	(2 687 595)	
431	4 079 185	(4 078 754)	WSA	255	5 277 555	(5 277 299)	
9 496 481	21 262 465	(11 765 984)	Project Management Unit	6 504 419	8 068 738	(1 564 319)	
193 170 777	414 206 310	(221 035 533)	Water and sanitation services	269 414 625	463 544 872	(194 130 248)	
24 437	120 613 067	(120 588 630)	Water shared services	24 645	53 669 922	(53 645 277)	
51 513 210	33 605 455	17 907 755	Land Administration and Housing	61 504 365	48 863 882	12 640 483	
1 531	22 582 524	(22 580 993)	Building & Services Planning	-	-	-	
19 189 474	5 841 979	13 347 495	Economic Development	42 924 240	75 045 051	(32 120 811)	
21 380	2 532 094	(2 510 714)	Municipal Manager	33 481 269	4 876 801	28 604 467	
5 550	6 438 165	(6 432 615)	Legal Fees	2 343	2 308 156	(2 305 813)	
78 016 438	10 703 000	67 313 438	Internal Audit	11 251	8 366 158	(8 354 907)	
1 070 400	6 959 221	(5 888 821)	Health and Protection Services	66 292 944	12 118 562	54 174 382	
6 023	12 524 354	(12 518 331)	Disaster Management	466 138	8 007 373	(7 541 236)	
3 919 759	17 957 541	(14 037 782)	Municipal Health Services ADM	2 538	16 015 899	(16 013 361)	
-	3 601 657	(3 601 657)	Fire Services	3 982 199	24 808 428	(20 826 229)	
-	-	-	Municipal Health services LM's	-	3 845 016	(3 845 016)	
0	(3 900)	3 900	Subsidised Services	0	0	0	
-	(3 900)	3 900	Health Nursing Services	-	-	-	
1 152 651 209	1 005 072 131	147 579 079	TOTAL	1 552 797 278	1 107 266 122	445 531 153	

Appendix D
 Amathole District Municipality
 Consolidated Annual Financial Statements
 Segmental Statement of Financial Performance: Group
 for the year ended 30 June 2013

2011/12 Actual Income	2011/12 Actual Expenditure	2011/12 Surplus/ (Deficit)		2012/13 Actual Income	2012/13 Actual Expenditure	2012/13 Actual Surplus/ (Deficit)
R	R	R		R	R	R
1 152 651 210	1 005 072 128	147 579 082	RATE AND GENERAL SERVICES	1 552 797 278	1 107 266 124	445 531 154
1 152 651 210	1 005 076 028	147 575 180	Community Services	1 552 797 278	1 107 266 124	445 531 154
21 778 967	36 478 412	(14 699 445)	Council General	28 650 676	32 547 297	(3 896 621)
3 069	9 395 903	(9 392 834)	Mayoral Committee	2 241 224	10 758 325	(8 517 101)
56 524 889	11 203 377	45 321 512	Strategic Manager	50	3 609 249	(3 609 199)
1 221 542	7 868 776	(6 647 234)	Municipal Support Unit	4 360	22 266 374	(22 262 014)
-	15 328 020	(15 328 020)	Internally funded Projects	69 885 302	9 227 237	60 658 066
66 856	15 430 083	(15 363 227)	Information Management Unit	1 063 250	14 645 338	(13 582 088)
237 908	19 608 952	(19 371 044)	Executive Support Services	-	1 299 025	(1 299 025)
316	2 695 328	(2 695 012)	Speaker Support	14 989 632	35 575 662	(20 586 030)
66 017 533	39 778 858	26 238 675	Corporate Services	76 621 682	48 359 793	28 261 889
671 291	21 243 784	(20 572 493)	Human Resources	1 351 041	26 838 870	(25 487 828)
62 296 128	7 959 656	54 336 472	Budget and Treasury	70 292 819	10 440 233	59 852 587
397 616	408 076	(10 460)	Budget Reform	702 112	702 647	(535)
28 480 364	8 860 634	19 619 730	Accounting and Reporting	25 991 039	8 706 252	17 284 787
-	3 023 051	(3 023 051)	Asset Management	-	2 946 428	(2 946 428)
14 145	6 441 518	(6 427 373)	Supply Chain	2 032 770	9 101 274	(7 068 504)
494	2 081 397	(2 080 903)	Budgeting	-	2 135 017	(2 135 017)
95 539	38 887 279	(38 791 740)	Revenue	111 340	40 651 243	(40 539 903)
-	4 157 417	(4 157 417)	Expenditure	8 912	5 461 927	(5 453 015)
558 406 526	61 354 696	497 051 830	Engineering Services	773 475 333	70 293 989	703 181 344
2 135	8 318 347	(8 316 212)	Building and Services Planning	874	13 432 305	(13 431 432)
-	1 645 449	(1 645 449)	Solid Waste site	763 632	3 451 227	(2 687 595)
431	4 079 185	(4 078 754)	WSA	255	5 277 555	(5 277 299)
9 496 481	21 262 465	(11 765 984)	Project Management Unit	6 504 419	8 068 738	(1 564 319)
193 170 777	414 206 310	(221 035 533)	Water and sanitation services	269 414 625	463 544 872	(194 130 248)
24 437	120 613 067	(120 588 630)	Water shared services	24 645	53 669 922	(53 645 277)
51 513 210	33 605 455	17 907 755	Land Administration and Housing	61 504 365	48 863 882	12 640 483
1 531	22 582 524	(22 580 993)	Building & Services Planning	-	-	-
19 189 474	5 841 979	13 347 495	Economic Development	42 924 240	75 045 051	(32 120 811)
21 380	2 532 094	(2 510 714)	Municipal Manager	33 481 269	4 876 801	28 604 467
5 550	6 438 165	(6 432 615)	Legal Fees	2 343	2 308 156	(2 305 813)
78 016 438	10 703 000	67 313 438	Internal Audit	11 251	8 366 158	(8 354 907)
1 070 400	6 959 221	(5 888 821)	Health and Protection Services	66 292 944	12 118 562	54 174 382
6 023	12 524 354	(12 518 331)	Disaster Management	466 138	8 007 373	(7 541 236)
3 919 759	17 957 541	(14 037 782)	Municipal Health Services ADM	2 538	16 015 899	(16 013 361)
-	3 601 657	(3 601 657)	Fire Services	3 982 199	24 808 428	(20 826 229)
-	-	-	Municipal Health services LM's	-	3 845 016	(3 845 016)
0	(3 900)	3 900	Subsidised Services	0	0	0
-	-	-	Ambulance and Rescue Services	-	-	-
-	(3 900)	3 900	Health Nursing Services	-	-	-
-	-	-		-	-	-
81 230 113	82 401 882	(1 171 769)	DEVELOPMENT AGENCY	51 373 376	57 448 947	(6 075 571)
81 230 113	82 401 882	(1 171 769)		51 373 376	57 448 947	(6 075 571)
-	(96 903)	(96 903)	TAXATION - AGENCY	-	-	-
-	(96 903)	(96 903)		-	-	-
1 233 881 319	1 087 377 107	146 310 409	TOTAL	1 604 170 654	1 164 715 069	439 455 585

Appendix E
Amathole District Municipality
Consolidated Annual Financial Statements
Actual versus Budget (Acquisition of Property Plant and Equipment): Municipality
for the financial year ended 30 June 2013

	2012/13 Actual R	2012/13 Budget R	2012/13 Variance R	2012/13 Variance %	Explanation for Significant Variances greater than 10% vs Budget
LAND AND BUILDINGS					
Administration	-	3 771 000	(3 771 000)	-100%	
Housing Schemes	-	-	-	NA	
Workshops & Depots	-	-	-	NA	
Work in progress - water	-	-	-	NA	
	-	3 771 000	(3 771 000)		
INFRASTRUCTURE					
Reservoirs & Tanks	-	-	-	NA	
Water - Other	562 485 144	222 195 646	340 289 498	153%	
Other	-	121 151 667	(121 151 667)	-100%	
Plant and equipment - General	5 207 518	-	5 207 518	100%	
Laboratory equipment	5 022 492	-	5 022 492	100%	
Sewers	-	116 213 125	(116 213 125)	-100%	
	572 715 154	459 560 438	113 154 716		
COMMUNITY					
Clinics & Hospitals	-	-	-	NA	
Fire Stations	-	-	-	NA	
Museum & Art Galleries	-	-	-	NA	
Ablution facilities	-	-	-	NA	
Security System	-	-	-	NA	
INVESTMENT PROPERTIES					
	-	-	-		
OTHER					
Air Conditioners	121 847	-	121 847	100%	
Bins and Containers	10 297	-	10 297	100%	
Computer Hardware	4 453 897	2 725 900	1 727 997	63%	
Computer Software	-	-	-	NA	
Office Machines	290 702	-	290 702	100%	
Cabinets & Cupboards	-	-	-	100%	
Chairs	530 477	-	530 477	100%	
Furniture and Fittings : Other	4 410 344	17 670 143	(13 259 799)	-75%	
Tables & Desks	467 449	-	467 449	100%	
Lawnmowers	177 664	-	177 664	100%	
Motor Vehicles	2 963 247	28 446 580	(25 483 333)	-100%	
Fire Engines	3 892 903	-	3 892 903	100%	
Tractors	-	-	-	NA	
Trucks and Bakkies	15 480 845	-	15 480 845	100%	
	32 799 671	48 842 623	(16 042 952)	-33%	
TOTAL	605 514 826	512 174 061	93 340 765	18%	

Appendix E
Amathole District Municipality
Consolidated Annual Financial Statements
Actual versus Budget (Acquisition of Property Plant and Equipment): Group
for the financial year ended 30 June 2013

	2012/13 Actual R	2012/13 Budget R	2012/13 Variance R	2012/13 Variance %	Explanation for Significant Variances greater than 10% vs Budget
LAND AND BUILDINGS					
Administration	-	3 771 000	(3 771 000)	-100%	
Housing Schemes	-	-	-	NA	
Workshops & Depots	-	-	-	NA	
Work in progress - water	-	-	-	NA	
	-	3 771 000	(3 771 000)		
INFRASTRUCTURE					
Reservoirs & Tanks	-	-	-	NA	
Water - Other	562 485 144	222 195 646	340 289 498	153%	
Other	-	121 151 667	(121 151 667)	-100%	
Plant and equipment - General	5 207 518	-	5 207 518	100%	
Laboratory equipment	5 022 492	-	5 022 492	100%	
Sewers	-	116 213 125	(116 213 125)	-100%	
	572 715 154	459 560 438	113 154 716		
COMMUNITY					
Clinics & Hospitals	-	-	-	NA	
Fire Stations	-	-	-	NA	
Museum & Art Galleries	-	-	-	NA	
Security System	-	-	-	NA	
INVESTMENT PROPERTIES					
	-	-	-	NA	
OTHER					
Air Conditioners	121 847	-	121 847	100%	
Bins and Containers	10 297	-	10 297	100%	
Computer Hardware	4 531 651	2 829 239	1 702 412	60%	
Computer Software	-	-	-	NA	
Office Machines	307 870	-	307 870	100%	
Cabinets & Cupboards	-	-	-	100%	
Chairs	530 477	-	530 477	100%	
Furniture and Fittings : Other	4 433 576	17 727 325	(13 293 749)	-75%	
Tables & Desks	467 449	-	467 449	100%	
Lawnmowers	177 664	-	177 664	100%	
Motor Vehicles	2 963 247	28 446 580	(25 483 333)	-90%	
Fire Engines	3 892 903	-	3 892 903	100%	
Tractors	-	-	-	NA	
Trucks & Bakkies	15 480 845	-	15 480 845	100%	
	32 917 825	49 003 144	(16 085 319)	-33%	
TOTAL	605 632 979	512 334 582	93 298 397	18%	

Appendix F
Amathole District Municipality
Consolidated Annual Financial Statements
Disclosure of Grants & Subsidies in terms of MFMA
as at June 2013

Name of Grant	Name of Organ of State													Reason for delay/ withheld	Compliance with DORA	Reason for non-compliance
		Sept 12	Dec 12	March 13	June 13	Sept 12	Dec 12	March 13	June 13	Sept 12	Dec 12	March 13	June 13			
		R	R	R	R	R	R	R	R	R	R	R	R			
BUDGET REFORM	NT/COGTA					25 535	137 893	82 939	89 448	N/A	N/A	N/A	N/A	N/A	yes	N/A
MINIMUM COMPETENCY:RPL						481 374	-	(59 116)	218 817	N/A	N/A	N/A	N/A	N/A	yes	N/A
EPWLLP	NT/DPW	3 355 000	860 000	1 807 000		12 450	386 367	1 607 901	5 403 605	N/A	N/A	N/A	N/A	N/A	yes	N/A
EPWLLP_SALARIES	NT/DPW					-	-	-	1 061 577	N/A	N/A	N/A	N/A	N/A	yes	N/A
DELIGATION POLICIES	NT					-	69 074	-	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG-IMPROVED IN FIXED ASSET REGISTERS		250 000				-	250 000	-	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
REVIEW MSIG LM'S SDF						-	70 642	(5 954)	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG: REVIEW MSIG LM SUPPORT		170 000				-	5 211	7 408	105 659	N/A	N/A	N/A	N/A	N/A	yes	N/A
_NKONKOB						-	-	180 000	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG: PURCHASE & INSTALL CIVIL DESIGNER		180 000				-	-	4 875	174 153	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG:HR STRATEGY DEVELOPMENT		300 000				-	-	-	96 035	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG: REVIEW OF HR POLICIES		100 000				-	-	-	87 560	N/A	N/A	N/A	N/A	N/A	yes	N/A
MIG	NT/COGTA	80 192 000	105 065 000	204 529 000		40 241 303	72 916 017	86 467 476	240 084 971	N/A	N/A	N/A	N/A	N/A	yes	N/A
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	1 776 000				396 200	654 571	273 447	1 198 476	N/A	N/A	N/A	N/A	N/A	yes	N/A
DWAF-BULK WATER SUPPLY SCHEME	DWA	10 240 789	4 327 358	21 071 041	13 959 489	3 420 399	8 646 893	20 271 281	29 563 584	N/A	N/A	N/A	N/A	N/A	yes	N/A
DWAF SUPPORT (DROUGHT ISSUES)	DWA					-	4 888	-	24 181	N/A	N/A	N/A	N/A	N/A	yes	N/A
GREAT KEI PLANNING FUNDS						-	19 298	-	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
KUBUSIE ESTABLISHMENT GRANT						-	4 250	2 100	16 799	N/A	N/A	N/A	N/A	N/A	yes	N/A
PRUDOE ESTAB GRANT						700	-	-	1 305	N/A	N/A	N/A	N/A	N/A	yes	N/A
PRUDOE TOP STRUCTURE						-	14 640	-	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
KUBUSI TOP STRUCTURE						50 325	-	-	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
MACLEANTOWN TOP STRUCTURE						-	-	867 953	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
LILLYVALE TOP STRUCTURE						-	-	1 861 879	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
PLANNING GRANT DLA	DHLG&TA					10 053	23 108	12 829	17 200	N/A	N/A	N/A	N/A	N/A	yes	N/A
RESTITUTION AWARD(DLA)						-	1 857 823	2 393 540	3 315 048	N/A	N/A	N/A	N/A	N/A	yes	N/A
BENEFICIARY ADMINISTRATION (BNG)	DHLG&TA					14 650	27 275	17 500	26 250	N/A	N/A	N/A	N/A	N/A	yes	N/A
ECDOT FUNDS	DOT					2 366 219	393 454	74 374	40 853	N/A	N/A	N/A	N/A	N/A	yes	N/A
IDUTYWA EXTENSION 8 (VIP TOILETS,R)	DWA			1 062 180	121 803	-	-	1 062 180	121 803	N/A	N/A	N/A	N/A	N/A	yes	N/A
ROOF TOP RAIN WATER HARVESTING					1 000 000	510 757	-	-	334 413	N/A	N/A	N/A	N/A	N/A	yes	N/A
WATER INFRA SAFETY MANAGEMENT PLAN						-	8 166	-	1 462	N/A	N/A	N/A	N/A	N/A	yes	N/A
GROUND WATER INVESTIGATION						-	-	-	113 648	N/A	N/A	N/A	N/A	N/A	yes	N/A
WATER CONSERVATION & WT DEMAND MNGT						-	-	-	26 200	N/A	N/A	N/A	N/A	N/A	yes	N/A
BUSINESS PLANS FOR WSP'S						-	39 950	-	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
ADELAIDE WATER RE-USE PHASE 1						-	228 021	464 390	397 104	N/A	N/A	N/A	N/A	N/A	yes	N/A
WSA ROUTINE MONITORING PROGRAM						-	-	-	351 041	N/A	N/A	N/A	N/A	N/A	yes	N/A
ADELAIDE OLD OXIDATION PONDS			58 767	663 445	1 234 480	-	51 550	6 331	1 829 224	N/A	N/A	N/A	N/A	N/A	yes	N/A
BALFOUR SAWMILLS	DEDEA					-	-	-	11 004	N/A	N/A	N/A	N/A	N/A	yes	N/A
PEDDIE BRICKS MAKING						-	-	-	28 620	N/A	N/A	N/A	N/A	N/A	yes	N/A
INKUTHALO HYDROPONICS						-	-	27 079	16 221	N/A	N/A	N/A	N/A	N/A	yes	N/A
SILWINDLALA WOMEN'S PROJECT						-	-	6 395	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
LED STRATEGY	DHLG&TA					-	162 853	-	268 385	N/A	N/A	N/A	N/A	N/A	yes	N/A
CAPACITY BUILDING FOR LM's						-	-	-	18 960	N/A	N/A	N/A	N/A	N/A	yes	N/A
DWAF ONCE OF ACCOMMODATION	DWA					-	-	-	1 033	N/A	N/A	N/A	N/A	N/A	yes	N/A
DWAF REFURBISHMENT	DWA	3 500 000	1 750 000	1 860 200	(110 200)	-	1 173 601	222 136	5 013 689	N/A	N/A	N/A	N/A	N/A	yes	N/A
DEVELOPMENT CRAFT CENTRE	DEDEA					-	81 254	-	682 290	N/A	N/A	N/A	N/A	N/A	yes	N/A
SKILLS DEVELOPMENT CENTRE						-	-	-	24 550	N/A	N/A	N/A	N/A	N/A	yes	N/A
DISASTER: REBUILD FUND	DHLG&TA					14 537	-	-	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
CAPACITATE AND RESOURCE CENTRE						147 655	174 994	11 143	117 808	N/A	N/A	N/A	N/A	N/A	yes	N/A
SATELITE FIRE STATION-CHINTSA						-	4 825	1 199	296	N/A	N/A	N/A	N/A	N/A	yes	N/A
SATELITE FIRE STATION-KEI MOUTH						-	-	165 002	540 915	N/A	N/A	N/A	N/A	N/A	yes	N/A
FIRE SERVICES-CONTINGENCY FUNDS						-	-	-	207	N/A	N/A	N/A	N/A	N/A	yes	N/A
EASTERN REGIONAL SOLID WASTE (GK)						-	15 024	-	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
SETA: IMPLEMENTATION	LG SETA	205 054	549 464	224 418	(267 337)	46 548	211 121	709 553	228 008	N/A	N/A	N/A	N/A	N/A	yes	N/A
LG SETA MSU						-	-	-	5 326	N/A	N/A	N/A	N/A	N/A	yes	N/A
LG SETA INTERNS					632 708	-	-	-	143 890	N/A	N/A	N/A	N/A	N/A	yes	N/A
VUNA AWARDS-PMS						-	-	7 029	977	N/A	N/A	N/A	N/A	N/A	yes	N/A
ELLIOTDALE BNG HOUSES						-	-	96 484	-	N/A	N/A	N/A	N/A	N/A	yes	N/A
MK VETERANS					500 000	433	8 878	-	774 332	N/A	N/A	N/A	N/A	N/A	yes	N/A
IDP-LOCAL MUNICIPALITIES						-	-	5 132	4 967	N/A	N/A	N/A	N/A	N/A	yes	N/A
LAND USE MANAGEMENT						18 863	-	1 650	991	N/A	N/A	N/A	N/A	N/A	yes	N/A
PUBLIC AWARENESS						-	-	-	66 642	N/A	N/A	N/A	N/A	N/A	yes	N/A
TOTAL OTHER GRANT PROVIDERS		100 268 843	112 610 589	231 217 284	17 070 943	-	87 646 515	117 015 412	292 475 373							

Annexure 1
Amathole District Municipality
Consolidated Annual Financial Statements
Conditional Grants and receipts
for the year ended 30 June 2013

CONDITIONAL GRANTS AND RECEIPTS	Funder/ Transferring Department	Balance at 01/07/2012	Contributions during the year (transfers)	Other Income	Funds returned to Funders	Expenditure during the Year	Balance at 30/06/2013
		R	R	R	R	R	R
NATIONAL GOVERNMENT GRANTS							
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT							
BUDGET REFORM	NT/COGTA	330 440	394 452	-	-	335 815	389 077
MINIMUM COMPETENCY:RPL		718 060	-	-	-	641 075	76 985
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT							
EPWLLP	NT/DPW	10 917 173	-	-	-	7 410 324	3 506 849
EPWLLP SALARIES	NT/DPW	-	-	6 022 000	-	1 061 577	4 960 423
MUNICIPAL SYSTEMS IMPROVEMENT GRANT (MSIG)							
DELIGATION POLICIES		69 074	-	-	-	69 074	0
COMPUTERISED SYSTEMS FOR LM'S		3 993	-	-	-	-	3 993
WORKPLACE SKILLS PLANS FOR LM'S		26 133	-	-	-	-	26 133
MSIG-IMPROVED IN FIXED ASSET REGISTERS	NT	-	-	250 000	-	250 000	-
MSIG: REVIEW MSIG LM SUPPORT _NKONKOB		-	-	170 000	-	118 278	51 722
MSIG:HR STRATEGY DEVELOPMENT		-	-	300 000	-	275 063	24 937
MSIG: REVIEW OF HR POLICIES		-	-	100 000	-	87 560	12 440
MSIG: PURCHASE & INSTALL CIVIL DESIGNER		-	-	180 000	-	180 000	-
REVIEW MSIG LM'S SDF		64 688	-	-	-	64 688	-
MUNICIPAL INFRASTRUCTURE GRANT (MIG)							
MIG	NT/COGTA	62 090 053	-	389 786 000	-	439 709 767	12 166 286
ROAD ASSET MANAGEMENT SYSTEM GRANT							
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	746 694	-	1 776 000	-	2 522 694	0
FLOOD RELIEF PROJECTS							
FLOOD RELIEF PROJECTS	NT/COGTA	510 076	-	-	-	-	510 076
TOTAL NATIONAL GOVERNMENT GRANTS		75 476 384	394 452	398 584 000	-	452 725 914	21 728 922
PROVINCIAL GOVERNMENT GRANTS							
REGIONAL BULK INFRASTRUCTURE							
DWAF-BULK WATER SUPPLY SCHEME	DWA	11 670 139	1 502 539	49 598 677	-	61 902 158	869 197
MIG-DISASTER MANAGEMENT							
MIG-DISASTER MANAGEMENT		-	-	-	-	-	-
DWAF SUPPORT (DROUGHT ISSUES)	DWA	150 506	-	-	-	29 069	121 437
DEVELOPMENT PLANNING FUNDS							
VICTORIA POST		195 000	-	-	-	-	195 000
TEKO SPRINGS/NDLOVINI		68 161	-	-	-	-	68 161
NEEDS CAMP		33 714	-	-	-	-	33 714
HOGSBACK		130 884	-	-	-	-	130 884
HAGA HAGA		213 473	-	-	-	-	213 473
WILLOWVALE		171 954	-	-	-	-	171 954
ELLIOTDALE		9 275	-	-	-	-	9 275
NDEVANA		34 766	-	-	-	-	34 766
MSOMBOMVU		57 530	-	-	-	-	57 530
HERTZOG	DHLG&TA	84 070	-	-	-	-	84 070
GREAT KEI PLANNING FUNDS		23 327	-	-	-	19 298	4 029
MNQUMA PLANNING FUNDS		110 000	-	-	-	-	110 000
NGQUSHWA PLANNING FUNDS		46 667	-	-	-	-	46 667
NKONKOB PLANNING FUNDS		53 063	-	-	-	-	53 063
MNQUMA SURVEY		25 000	-	-	-	-	25 000
NGQUSHWA SURVEY FUNDS		177 510	-	-	-	-	177 510
NKONKOB SURVEY		116 200	-	-	-	-	116 200
LEWIS SURVEY		141 125	-	-	-	-	141 125
H&LG SURVEY FUNDS		61 680	-	-	-	-	61 680
PHP FUNDS							
PRUDOE ENG DESIGN		1 348	-	-	-	-	1 348
DONGWE ENG DESIGN		9 499	-	-	-	-	9 499
KUBUSIE ESTABLISHMENT GRANT		35 070	-	-	-	23 149	11 921
NDLOVINI ESTABLISHMENT GRANT		10 291	-	-	-	-	10 291
DUCATS ESTABLISHMENT GRANT		70 542	-	-	-	-	70 542
MACLEAN/ ESTAB GRANT		16 849	-	-	-	-	16 849
PRUDOE ESTAB GRANT		53 238	-	-	-	2 005	51 233
DONGWE PRODOE ESTAB GRANT		76 675	-	-	-	-	76 675
TEKO SPRING ESTAB GRANT		35 082	-	-	-	-	35 082
NEEDS CAMP ESTAB GRANT		66 222	-	-	-	-	66 222
TEKO SPRING TOP STRUCTURE	DHLG&TA	106 438	-	-	-	-	106 438
PRUDOE TOP STRUCTURE		482 535	-	-	-	14 640	467 895
DONGWE TOP STRUCTURE		1 347 309	-	-	-	-	1 347 309
NEEDSCAMP TOP STRUCTURE		3 838	-	-	-	-	3 838
DUCATS TOP STRUC SUBSIDY		23 234	-	-	-	-	23 234
KUBUSI TOP STRUCTURE		54 143	-	-	-	50 325	3 818
MACLEANTOWN TOP STRUCTURE		867 953	-	-	867 953	-	-
LILYVALE KAYB ESTABLISHMENT GRANT		2 643	-	-	-	-	2 643
KAYSERS BEACH HOUSING PROJECT		529 380	-	-	-	-	529 380
LILLYVALE TOP STRUCTURE		1 861 879	-	-	1 861 879	-	-
LILLYVALE ENG DESIGNS		5 940	-	-	-	-	5 940
KEISKAMAHOEK BETTERMENT (DLA)							
PLANNING GRANT DLA	DHLG&TA	1 892 281	-	-	-	63 190	1 829 091
RESTITUTION AWARD(DLA)		44 307 718	-	-	-	7 566 411	36 741 307
ELLIOTDALE BNG PILOT FUNDS							
BENEFICIARY ADMINISTRATION (BNG)	DHLG&TA	101 740	-	-	-	85 675	16 065
ENVIRONMENTAL IMPECT ASSESSMENT		894 135	-	-	-	-	894 135
GEO HYDROLOGY		1 394 200	-	-	-	-	1 394 200
DEDEA'S SUPPORT TO ADM							
BAWA FALLS LED PROJECT	DEDEA	691 267	-	-	-	-	691 267
ELLIOTDALE BRICK MAKING		232 804	-	-	-	-	232 804
EC INFORMATION INITIATIVE SUPPORT		46 053	(6 917)	-	-	-	39 136
PUBLIC TRANSPORT FACILITY GRANT							
ECDOT FUNDS	DOT	5 608 452	-	-	-	2 874 900	2 733 552
MBHASHE LM: EXTENSION OF EXT 8							
IDITYWA EXTENTION 8 (VIP TOILETS,RDS&W)	DWA	171 679	-	1 183 983	-	1 183 983	171 679
EMERGENCY WATER SUPPLY							
ROOF TOP RAIN WATER HARVESTING		510 757	-	1 000 000	-	845 170	665 587
DONOR BUDGET ALLOCATION: WSP'S & WATER DEMAND MANAGEMENT/MASIBAMBANE PROJECTS							
DESIGN GUIDELINES & STD DRAWINGS	DWA	94 571	-	-	-	-	94 571
WMIS GRANT		17 306	-	-	-	-	17 306

Annexure 1
Amathole District Municipality
Consolidated Annual Financial Statements
Conditional Grants and receipts
for the year ended 30 June 2013

CONDITIONAL GRANTS AND RECEIPTS	Funder/ Transferring Department	Balance at 01/07/2012	Contributions during the year (transfers)	Other Income	Funds returned to Funders	Expenditure during the Year	Balance at 30/06/2013
		R	R	R	R	R	R
WATER SERVICE CAPACITY BUSINESS PLAN1011		399 789	-	-	-	-	399 789
WATER MANAGEMENT PLAN		9 628	-	-	-	9 628	-
GROUND WATER INVESTIGATION		113 648	-	-	-	113 648	-
HOUSEHOLD LEAK REPAIR		333 524	-	-	-	-	333 524
NGQUSI RAIN WATER HARVESTING		221 763	-	-	-	-	221 763
COMMUNAL WATER STATIONS(DST/ CSIR)		355 645	-	-	-	-	355 645
WATER CONSERVATION & WT DEMAND MNGT		26 200	-	-	-	26 200	-
BUSINESS PLANS FOR WSP'S		43 850	-	-	-	39 950	3 900
FREE BASIC SERVICES STRATEGY DEVELOPMENT		330 000	-	-	-	-	330 000
ADELAIDE OLD OXIDATION PONDS		-	-	1 956 691	-	1 887 104	69 587
ADELAIDE WATER RE-USE PHASE 1		1 872 778	-	-	-	1 089 515	783 263
WSA ROUTINE MONITORING PROGRAM		400 000	-	-	-	351 041	48 959
SUPPORT ON LED PROJECTS							
BALFOUR SAWMILLS	DEDEA	300 000	-	-	-	11 004	288 996
HIGHLANDS RESORT		75 836	-	-	-	-	75 836
PEDDIE BRICKS MAKING		70 335	-	-	-	28 620	41 715
INKUTHALO HYDROPONICS		200 054	-	-	-	43 300	156 754
SILWINDLALA WOMEN'S PROJECT		12 420	-	-	-	6 395	6 025
LED STRATEGY DEVELOPMENT FUNDING							
LED STRATEGY	DHLG&TA	424 321	6 917	-	-	431 238	-
CAPACITY BUILDING FOR LM's/APPOINTMENT OF LED EXPECT							
CAPACITY BUILDING FOR LM's	DHLG&TA	31 585	-	-	-	18 960	12 625
LED CAPACITY BUILDING-NGQUSHWA		350 000	-	-	-	-	350 000
DWAF FUNDS							
DWAF ONCE OF ACCOMMODATION	DWA	205 617	-	-	-	1 033	204 584
SHIXINI WATER SUPPLY		-	500 000	-	-	-	500 000
DWAF REFURBISHMENT		-	-	7 000 000	-	6 409 426	590 574
ADMINISTRATION-SETTLEMENT OF CHATHA COMMUNITY RESTITUTION CLAIM							
CHANTA DEVELOPMENT FUND	DHLG&TA	2 413 456	-	-	-	-	2 413 456
FINGOLAND REGIONAL AUTHORITY							
FINGOLAND REGIONAL AUTHORITY	DPLG	101 278	-	-	-	-	101 278
ADMINISTRATION-SETTLEMENT OF DWESA/CWEBE COMMUNITY RESTITUTION CLAIM							
DWESA CWEBE RESTITUTIONAL	DHLG&TA	5 329 653	-	-	-	-	5 329 653
TOURISM PROJECTS							
DEVELOPMENT CRAFT CENTRE		2 181 757	(267 782)	-	-	763 543	1 150 432
TOURISM SURVEY	DEDEA	3 475	-	-	-	-	3 475
SKILLS DEVELOPMENT CENTRE		24 551	-	-	-	24 550	1
CO-OPERATIVES SPECIALIST		153 000	-	-	-	-	153 000
TOURISM MARKETING STRATEGY		98 094	-	-	-	-	98 094
NXUBA DAM CHALETS DEVELOPMENT	DHLG&TA	17 895	-	-	-	-	17 895
DISASTER AND FIRE SERVICES							
DISASTER: REBUILD FUND		14 538	-	-	-	14 537	1
CAPACITATE AND RESOURCE CENTRE		470 158	-	-	-	451 600	18 558
SATELITE FIRE STATION-CHINTSA	DHLG&TA	6 320	-	-	-	6 320	0
SATELITE FIRE STATION-KEI MOUTH		705 918	-	-	-	705 918	1
FIRE SERVICES-CONTINGENCY FUNDS		207	-	-	-	207	(0)
TOTAL PROVINCIAL GOVERNMENT GRANTS		92 494 409	1 734 756	60 739 351	2 729 832	87 093 711	65 144 972
OTHER GRANT PROVIDERS							
KOMGA LANDFILL SITE							
EASTERN REGIONAL SOLID WASTE (GK)	GREAT KEI MUNICIPALITY	36 481	-	-	-	15 024	21 457
SETA							
SETA: IMPLEMENTATION	LG SETA	1 439 234	-	711 600	-	1 195 231	955 603
LG SETA INTERNS		-	-	632 708	-	143 890	488 818
LG SETA MSU		5 326	-	-	-	5 326	0
CONTRIBUTIONS BY THE COMMUNITY TOWARDS TRACTOR MANAGEMENT							
PLOUGHING CONTACTORS-WARD 10		8 000	-	-	-	-	8 000
PLOUGHING CONTRACTOR-NGXAKAXA	COMMUNITY	10 150	-	-	-	-	10 150
PLOUGHING CONTRACTOR-ward 15		25 240	-	-	-	-	25 240
OTHER PROJECTS							
VUNA AWARDS-PMS		8 006	-	-	-	8 006	0
NXUBA PUBLIC LIBRARY		(0)	-	-	-	-	(0)
ELLIOTDALE BNG HOUSES		96 484	-	-	96 484	-	(0)
BUCKET ERADICATION		4 378	-	-	-	-	4 378
TECH ASST TO DEV DISTRICT DEV PROFILE		105 963	-	-	-	-	105 963
MK VETERANS		15 860	267 782	500 000	-	783 643	(1)
IDP-LOCAL MUNICIPALITIES		11 926	-	-	-	10 099	1 827
LAND USE MANAGEMENT		21 504	-	-	-	21 504	(0)
PUBLIC AWARENESS		74 994	-	-	-	66 642	8 352
TOTAL OTHER GRANT PROVIDERS		1 863 546	267 782	1 844 308	96 484	2 249 364	1 629 788
TOTAL MUNICIPALITY		169 834 338	2 396 990	461 167 659	2 826 316	542 068 989	88 503 682
ASPIRE							
INDUSTRIAL DEVELOPMENT CORPORATION		1 683 131	-	-	-	1 383 131	300 000
NGQUSHWA MUNICIPALITY		67 000	-	-	-	-	67 000
INDALO YETHU		23 381	-	-	-	23 381	-
EASTERN CAPE DEVELOPMENT CORPORATION		384 938	-	-	-	384 938	-
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT - Technical Assistance		-	2 325 461	-	-	2 325 461	-
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT - Capital		28 163 263	33 943 519	-	-	41 955 337	20 151 445
MBASHE MUNICIPALITY - N2 Summit		87 719	-	-	-	87 719	-
DNT - HAMBURG ARTS RESIDENCY		1 236 305	-	-	-	1 236 305	-
DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM		316 449	-	-	-	316 044	405
DEVELOPMENT BANK OF SOUTH AFRICA		96 491	-	-	-	96 491	0
DEDEAT/ECDC - EMTHONJENI ARTS		-	2 099 601	-	-	1 980 455	119 146
DBSA DRYLANDS FUND: NDAKANA		-	175 439	-	-	-	175 439
TOTAL ASPIRE		32 058 677	38 544 020	-	-	49 789 262	20 813 435
TOTAL: GROUP GRANTS & RECEIPTS		201 893 015	40 941 010	461 167 659	2 826 316	591 858 251	109 317 117

Annexure 2
Amathole District Municipality
Consolidated Annual Financial Statements
for the financial year ended 30 June 2013

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2012/2013											2011/2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
Governance and administration	1 032 876	92 954	1 125 831	-	-	1 125 831	1 165 584	-	(39 754)	0	0	-	-	-	865 495
Executive and council	862 127	91 611	953 738	-	-	953 738	973 483	-	(19 745)	102%	113%	-	-	-	707 455
Budget and treasury office	91 684	1 343	93 028	-	-	93 028	99 139	-	(6 111)	107%	108%	-	-	-	91 284
Corporate services	79 064	-	79 064	-	-	79 064	92 962	-	(13 898)	118%	118%	-	-	-	66 756
Community and public safety	72 164	2 100	74 264	-	-	74 264	80 585	-	(6 320)	-	-	-	-	-	87 856
Public safety	4 500	-	4 500	-	-	4 500	4 449	-	50	99%	99%	-	-	-	4 990
Housing	1 509	2 100	3 609	-	-	3 609	9 841	-	(6 232)	100%	100%	-	-	-	4 843
Health	66 156	-	66 156	-	-	66 156	66 294	-	(139)	100%	100%	-	-	-	78 022
Economic and environmental services	75 865	23 000	98 865	-	-	98 865	42 925	-	55 939	-	-	-	-	-	4
Planning and development	75 865	23 000	98 865	-	-	98 865	42 925	-	55 939	43%	57%	-	-	-	4
Trading services	343 836	-	343 836	-	-	343 836	263 703	-	80 133	0	-	-	-	-	199 297
Water	262 335	-	262 335	-	-	262 335	179 568	-	82 767	68%	100%	-	-	-	128 439
Waste water management	80 738	-	80 738	-	-	80 738	83 371	-	(2 634)	103%	103%	-	-	-	70 858
Waste management	764	-	764	-	-	764	764	-	-	100%	100%	-	-	-	-
Total Revenue - Standard	1 524 741	118 054	1 642 795	-	-	1 642 795	1 552 797	-	179 996	-	-	-	-	-	1 152 651
Expenditure - Standard															
Governance and administration	324 213	92 621	416 834	-	(1 532)	415 302	343 609	71 693	71 693	0	0	-	-	-	336 954
Executive and council	133 600	91 278	224 878	-	(1 961)	222 917	152 690	70 228	70 228	68%	114%	-	-	-	185 879
Budget and treasury office	90 305	1 343	91 648	-	-	91 648	80 145	11 503	11 503	87%	89%	-	-	-	73 523
Corporate services	100 308	-	100 308	-	429	100 737	110 774	(10 037)	(10 037)	110%	110%	-	-	-	77 552
Community and public safety	77 526	2 100	79 626	-	(1 746)	77 880	111 094	(33 214)	(33 214)	-	-	-	-	-	82 997
Public safety	35 853	-	35 853	-	700	36 553	34 030	2 523	2 523	93%	95%	-	-	-	24 917
Housing	14 975	2 100	17 075	-	(1 719)	15 357	46 299	(30 942)	(30 942)	301%	309%	-	-	-	31 251
Health	26 697	-	26 697	-	(728)	25 970	30 765	(4 796)	(4 796)	118%	115%	-	-	-	26 829
Economic and environmental services	62 853	23 000	85 853	-	1 980	87 833	89 776	(1 944)	(1 944)	-	-	-	-	-	46 223
Planning and development	62 853	23 000	85 853	-	1 980	87 833	89 776	(1 944)	(1 944)	102%	143%	-	-	-	46 223
Trading services	548 308	-	548 308	-	1 298	549 606	562 786	(13 180)	(13 180)	-	-	-	-	-	538 898
Water	478 425	-	478 425	-	-	478 425	455 382	23 044	23 044	95%	95%	-	-	-	422 908
Waste water management	65 583	-	65 583	-	20 289	85 872	103 954	(18 082)	(18 082)	121%	159%	-	-	-	114 345
Waste management	4 300	-	4 300	-	(18 991)	(14 691)	3 451	(18 142)	(18 142)	-23%	80%	-	-	-	1 645
Total Expenditure - Standard	1 012 900	117 721	1 130 621	-	-	1 130 621	1 107 266	23 355	46 711	-	-	-	-	-	1 005 072
Surplus/(Deficit) for the year	511 841	333	512 174	-	-	512 174	445 531	(23 355)	133 286						147 579
ASPIRE															
Revenue - Standard	70 671	12 846	83 517	-	-	83 517	51 375	-	32 142	62%	73%	-	-	-	81 230
Expenditure - Standard	70 520	19 213	89 733	-	-	89 733	57 450	-	32 283	64%	81%	-	-	-	82 402
Surplus for the year - ASPIRE	151	(6 367)	(6 216)	-	-	(6 216)	(6 076)		(141)			-	-	-	(1 172)
Surplus for the year - GROUP	511 992	(6 034)	505 958	-	-	505 958	439 456	(23 355)	133 145			-	-	-	146 407

Annexure 2

**Amathole District Municipality and Group
Consolidated Annual Financial Statements**

for the financial year ended 30 June 2013

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2012/2013											2011/2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
MUNICIPALITY															
Revenue by Vote															
Vote 01 - Legislative & Executive Support Services	48 393	5 354	53 747	-	-	53 747	30 896	-	22 850	57%	64%	-	-	-	-
Vote 02 - Strategic Management	71 525	-	71 525	-	-	71 525	85 938	-	(14 413)	120%	120%	-	-	-	21 782
Vote 03 - Internally Funded Projects	-	111 357	111 357	-	-	111 357	-	-	111 357	0%	#DIV/0!	-	-	-	-
Vote 04 - Corporate Services	77 529	-	77 529	-	-	77 529	71 473	-	6 056	92%	92%	-	-	-	58 052
Vote 05 - Budget & Treasury	91 684	1 343	93 028	-	-	93 028	99 139	-	(6 111)	107%	108%	-	-	-	66 689
Vote 06 - Engineering Department	672 929	-	672 929	-	-	672 929	787 245	-	(114 316)	117%	117%	-	-	-	91 284
Vote 07 - Health & Protection Department	70 655	-	70 655	-	-	70 655	70 744	-	(89)	100%	100%	-	-	-	-
Vote 08 - Water & Sanitation Management	32 592	-	32 592	-	-	32 592	27	-	32 565	0%	0%	-	-	-	549 732
Vote 09 - Water Services	229 620	-	229 620	-	-	229 620	186 041	-	43 579	81%	81%	-	-	-	83 013
Vote 10 - Sanitation Services	80 738	-	80 738	-	-	80 738	83 371	-	(2 634)	103%	103%	-	-	-	207 974
Vote 11 - Land Human Settlement & Economic Development	129 500	-	129 500	-	-	129 500	104 429	-	25 071	81%	81%	-	-	-	51 515
Vote 12 - Municipal Management	19 577	-	19 577	-	-	19 577	33 495	-	(13 918)	171%	171%	-	-	-	22 611
Total Revenue by Vote	1 524 741	118 054	1 642 795	-	-	1 642 795	1 552 797	-	89 998	-	-	-	-	-	1 152 651
Expenditure by Vote to be appropriated															
Vote 01 - Legislative & Executive Support Services	72 487	5 021	77 508	-	-	77 508	69 181	8 326	8 326	89%	95%	-	-	-	-
Vote 02 - Strategic Management	45 598	8 705	54 303	-	(11)	54 292	45 775	8 517	8 517	84%	100%	-	-	-	45 874
Vote 04 - Corporate Services	76 014	2 309	78 324	-	51 713	130 037	75 199	54 838	54 838	58%	99%	-	-	-	65 629
Vote 05 - Budget & Treasury	90 305	2 145	92 449	-	(8 870)	83 579	80 145	3 434	3 434	96%	89%	-	-	-	68 621
Vote 06 - Engineering Department	49 296	68 757	118 053	-	(15 091)	102 962	78 653	24 309	24 309	76%	160%	-	-	-	73 523
Vote 07 - Health & Protection Department	62 551	1 890	64 440	-	-	64 440	64 795	(355)	(355)	101%	104%	-	-	-	-
Vote 08 - Water & Sanitation Management	143 466	-	143 466	-	(6 164)	137 302	79 146	58 156	58 156	58%	55%	-	-	-	92 114
Vote 09 - Water Services	324 737	-	324 737	-	(11 220)	313 517	370 958	(57 441)	(57 441)	118%	114%	-	-	-	47 765
Vote 10 - Sanitation Services	65 583	-	65 583	-	4 498	70 081	103 954	(33 873)	(33 873)	148%	159%	-	-	-	537 154
Vote 11 - Land Human Settlement & Economic Development	63 715	28 895	92 610	-	(13 687)	78 924	90 969	(12 045)	(12 045)	115%	143%	-	-	-	56 188
Vote 12 - Municipal Management	19 148	-	19 148	-	(1 168)	17 980	15 551	2 429	2 429	86%	81%	-	-	-	18 207
Vote 15 - Other	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	(4)
Total Expenditure by Vote	1 012 900	117 721	1 130 621	-	-	1 130 621	1 074 326	56 295	56 295	-	-	-	-	-	1 005 072
Surplus for the year MUNICIPALITY	511 841	333	512 174	-	-	512 174	478 471	(56 295)	33 703	-	-	-	-	-	147 579
ASPIRE															
Revenue by Vote															
Vote 14 - Amathole Economic Development Agency	70 671	12 846	83 517	-	-	83 517	51 375	-	32 142	0	0	-	-	-	81 230
Expenditure by Vote to be appropriated															
Vote 14 - Amathole Economic Development Agency	70 520	19 213	89 733	-	-	89 733	57 450	-	32 283	0	0	-	-	-	82 402
Surplus for the year ASPIRE	151	(6 367)	(6 216)	-	-	(6 216)	(6 076)	-	(141)	-	-	-	-	-	(1 172)
Surplus for the year - GROUP	511 992	(6 034)	505 958	-	-	505 958	472 396	(56 295)	33 562	-	-	-	-	-	146 407

Annexure 2
Amathole District Municipality
Consolidated Annual Financial Statements
for the financial year ended 30 June 2013

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - MUNICIPALITY

Description	2012/2013											2011/2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Service charges - water revenue	89 551	-	89 551	-	-	89 551	150 891	-	(61 340)	168%	168%	-	-	-	91 055
Service charges - sanitation revenue	68 772	-	68 772	-	-	68 772	82 154	-	(13 382)	119%	119%	-	-	-	69 772
Service charges - other	3 280	-	3 280	-	-	3 280	3 268	-	12	100%	100%	-	-	-	3 142
Rental of facilities and equipment	272	-	272	-	-	272	326	-	(55)	120%	120%	-	-	-	311
Interest earned - external investments	27 416	-	27 416	-	-	27 416	36 605	-	(9 189)	134%	134%	-	-	-	28 480
Interest earned - outstanding debtors	26 978	-	26 978	-	-	26 978	23 271	-	3 707	86%	86%	-	-	-	27 187
Fines	10	-	10	-	-	10	-	-	10	0%	0%	-	-	-	-
Transfers recognised - operational	617 617	-	617 617	-	-	617 617	1 171 549	-	(553 932)	190%	190%	-	-	-	562 193
Grants and subsidies	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	370 510
Other revenue	690 845	118 054	808 900	-	-	808 900	84 734	-	724 165	100%	100%	-	-	-	-
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	1 975
Total Revenue	1 524 741	118 054	1 642 795	-	-	1 642 795	1 552 797	-	89 998			-	-	-	1 154 626
Expenditure By Type															
Employee related costs	399 347	3 931	403 278	-	1 429	404 707	372 611	32 096	32 096	92%	93%	-	-	-	314 335
Remuneration of councillors	11 504	918	12 421	-	(605)	11 816	11 563	254	254	98%	101%	-	-	-	10 538
Debt impairment	64 224	-	64 224	-	-	64 224	139 027	(74 803)	(74 803)	216%	216%	-	-	-	157 094
Depreciation & asset impairment	90 586	-	90 586	-	-	90 586	97 386	(6 800)	(6 800)	108%	108%	-	-	-	90 755
Finance charges	32	-	32	-	134	166	10 945	(10 779)	(10 779)	6600%	33896%	-	-	-	115
Bulk purchases	64 363	-	64 363	-	(8 025)	56 338	51 559	4 780	4 780	92%	80%	-	-	-	48 673
Contracted services	61 380	-	61 380	-	-	61 380	29 016	32 364	32 364	47%	47%	-	-	-	53 784
Transfers and grants	4 000	-	4 000	-	-	4 000	-	4 000	4 000	0%	0%	-	-	-	254
Other expenditure	317 464	112 873	430 337	-	7 067	437 404	395 160	42 245	42 245	90%	124%	-	-	-	329 524
Loss on disposal of PPE	-	-	-	-	-	-	1 380	(1 380)	(1 380)	0%	0%	-	-	-	-
Total Expenditure	1 012 900	117 721	1 130 621	-	-	1 130 621	1 108 646	21 976	21 976			-	-	-	1 005 072
Surplus/(Deficit)	511 841	333	512 174	-	-	512 174	444 152	(21 976)	68 022	-	-	-	-	-	149 554
Transfers recognised - capital	459 560	-	459 560	-	-	459 560	501 612	-	(42 051)	109%	109%	-	-	-	113 889
Internally generated funds	52 281	333	52 614	-	-	52 614	32 166	-	20 448	61%	62%	-	-	-	35 665
Surplus/(Deficit) after capital transfers & contributions	511 841	333	512 174	-	-	512 174	533 778	(21 976)	(21 604)	-	-	-	-	-	149 554
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus after taxation	511 841	333	512 174	-	-	512 174	533 778	(21 976)	(21 604)	-	-	-	-	-	149 554
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus attributable to municipality	511 841	333	512 174	-	-	512 174	533 778	(21 976)	(21 604)	-	-	-	-	-	149 554
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for the year	511 841	333	512 174	-	-	512 174	533 778	(21 976)	(21 604)	-	-	-	-	-	149 554

Annexure 2
Amathole District Municipality
Consolidated Annual Financial Statements
for the financial year ended 30 June 2013

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - GROUP

Description	2012/2013											2011/2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Service charges - water revenue	89 551	-	89 551	-	-	89 551	150 891	-	(61 340)	168%	168%	-	-	-	92 034
Service charges - sanitation revenue	68 772	-	68 772	-	-	68 772	82 154	-	(13 382)	119%	119%	-	-	-	69 772
Service charges - other	3 280	-	3 280	-	-	3 280	3 268	-	12	100%	100%	-	-	-	3 142
Rental of facilities and equipment	272	-	272	-	-	272	326	-	(55)	120%	120%	-	-	-	311
Interest earned - external investments	28 061	-	28 061	-	-	28 061	37 768	-	(9 707)	135%	135%	-	-	-	39 020
Interest earned - outstanding debtors	26 978	-	26 978	-	-	26 978	23 271	-	3 707	100%	100%	-	-	-	27 187
Fines	10	-	10	-	-	10	-	-	10	0%	0%	-	-	-	-
Transfers recognised - operational	1 147 204	12 654	1 159 858	-	-	1 159 858	1 221 667	-	(61 809)	105%	106%	-	-	-	954 688
Grants and subsidies	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Other revenue	231 285	118 246	349 531	-	-	349 531	84 826	-	264 704	24%	37%	-	-	-	47 727
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	100%	100%	-	-	-	2 011
Total Revenue	1 595 412	130 900	1 726 313	-	-	1 726 313	1 604 171	-	122 142	-	-	-	-	-	1 235 892
Expenditure By Type															
Employee related costs	408 080	4 003	412 082	-	1 429.184	413 511	380 364	-	33 147	92%	93%	-	-	-	330 198
Remuneration of councillors	11 833	1 682	13 514	-	(605)	12 909	12 686	-	223	98%	107%	-	-	-	10 885
Debt impairment	64 224	-	64 224	-	-	64 224	139 027	-	(74 803)	216%	216%	-	-	-	157 094
Depreciation & asset impairment	90 678	-	90 678	-	-	90 678	97 601	-	(6 923)	108%	108%	-	-	-	90 938
Finance charges	32	-	32	-	134	166	10 968	-	(10 802)	6614%	33966%	-	-	-	419
Bulk purchases	64 363	-	64 363	-	(8 025)	56 338	51 559	-	4 780	92%	80%	-	-	-	53 784
Contracted services	74 042	16 241	90 283	-	-	90 283	29 016	-	61 267	32%	39%	-	-	-	19 683
Transfers and grants	26 951	6 495	33 446	-	-	33 446	59 987	-	(26 541)	179%	223%	-	-	-	82 962
Other expenditure	343 218	108 514	451 732	-	7 067	458 799	383 509	-	75 290	84%	112%	-	-	-	341 512
Loss on disposal of PPE	-	-	-	-	-	-	1 378	-	1 378	0%	0%	-	-	-	-
Total Expenditure	1 083 420	136 935	1 220 355	-	-	1 220 355	1 166 095	-	57 016	-	0	-	-	-	1 087 474
Surplus/(Deficit)	511 992	(6 034)	505 958	-	-	505 958	438 076	-	65 126	-	(0)	-	-	-	148 418
Transfers recognised - capital	459 560	-	-	-	-	459 560	501 612	-	(42 051)	109%	109%	-	-	-	-
Internally generated funds	52 281	333	-	-	-	52 614	32 166	-	20 448	61%	62%	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	511 992	(6 034)	505 958	-	-	505 958	438 076	-	65 126	-	-	-	-	-	148 418
Taxation	(1)	(13)	(14)	-	-	(14)	-	-	-	-	-	-	-	-	(97)
Surplus after taxation	511 991	(6 047)	505 943	-	-	505 943	438 076	-	65 126	-	-	-	-	-	148 322
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus attributable to municipality	511 991	(6 047)	505 943	-	-	505 943	438 076	-	65 126	-	-	-	-	-	148 322
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for the year	511 991	(6 047)	505 943	-	-	505 943	438 076	-	65 126	-	-	-	-	-	148 322

Annexure 2
Amathole District Municipality
Consolidated Annual Financial Statements
for the financial year ended 30 June 2013

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2012/2013										2011/2012				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 06 - Engineering Department	443 491	-	443 491	-	-	443 491	501 612	-	(58 121)	113%	113%	-	-	-	-
Vote 11 - Land Human Settlements & Eco Development	64 156	(31 216)	32 940	-	-	32 940	32 940	-	-	100%	51%	-	-	-	-
Capital multi-year expenditure sub-total	507 647	(31 216)	476 431	-	-	476 431	534 552	-	(58 121)	-	-	-	-	-	-
Single-year expenditure															
Vote 01 - Legislative & Executive Support Services	979	333	1 312	-	-	1 312	1 136	176	176	87%	116%	-	-	-	-
Vote 02 - Strategic Management	854	-	854	-	-	854	545	309	309	64%	64%	-	-	-	795
Vote 04 - Corporate Services	1 515	-	1 515	-	-	1 515	1 706	(191)	(191)	113%	113%	-	-	-	5 679
Vote 05 - Budget & Treasury	1 380	-	1 380	-	-	1 380	1 003	377	377	73%	73%	-	-	-	1 557
Vote 06 - Engineering Department	1 496	-	1 496	-	59	1 555	339	1 216	1 216	22%	23%	-	-	-	923
Vote 07 - Health & Protection Department	8 105	-	8 105	-	-	8 105	7 503	602	602	93%	93%	-	-	-	-
Vote 08 - Water & Sanitation Management	11 314	-	11 314	-	(1 357)	9 957	5 975	3 982	3 982	60%	53%	-	-	-	1 291
Vote 09 - Water Services	22 022	0	22 022	-	(330)	21 691	19 530	2 161	2 161	90%	89%	-	-	-	1 206
Vote 10 - Sanitation Services	2 560	-	2 560	-	1 629	4 189	2 821	1 368	1 368	67%	110%	-	-	-	32 538
Vote 11 - Land Human Settlement & Economic Development	1 628	(0)	1 628	-	-	1 628	561	1 067	1 067	34%	34%	-	-	-	443
Vote 12 - Municipal Management	428	-	428	-	-	428	328	100	100	77%	77%	-	-	-	133
Vote 14 - Amathole Economic Development Agency	146	90	236	-	-	236	118	118	118	50%	81%	-	-	-	161
Capital single-year expenditure sub-total	52 428	423	52 849	-	-	52 849	41 565	11 285	11 285	-	-	-	-	-	44 724
Total Capital Expenditure - Vote	560 073	(30 793)	529 280	-	-	529 280	576 116	11 285	(46 836)	-	-	-	-	-	44 724
Capital Expenditure - Standard															
Governance and administration	401 083	333	401 416	-	59	401 475	506 505	-	(105 030)	0	0	-	-	-	9 494
Executive and council	397 488	333	397 821	-	109	397 930	503 375	-	(105 445)	126%	127%	-	-	-	2 024
Budget and treasury office	1 380	-	1 380	-	-	1 380	1 003	-	377	73%	73%	-	-	-	923
Corporate services	2 215	-	2 215	-	(50)	2 165	2 127	-	37	98%	96%	-	-	-	6 547
Community and public safety	9 040	-	9 040	-	-	9 040	7 909	-	1 131	-	-	-	-	-	1 240
Public safety	7 012	-	7 012	-	417	7 429	6 945	-	484	93%	99%	-	-	-	111
Housing	935	-	935	-	-	935	406	-	529	43%	43%	-	-	-	35
Health	1 092	-	1 092	-	(417)	676	557	-	118	82%	51%	-	-	-	1 095
Economic and environmental services	65 787	-	65 787	-	-	65 787	285	-	65 502	-	-	-	-	-	846
Planning and development	65 787	-	65 787	-	-	65 787	285	-	65 502	0%	0%	-	-	-	846
Trading services	35 931	-	35 931	-	(59)	35 872	32 359	-	3 512	-	-	-	-	-	33 812
Water	33 371	-	33 371	-	(1 688)	31 683	29 539	-	2 144	93%	89%	-	-	-	31 807
Waste water management	2 560	-	2 560	-	1 629	4 189	2 821	-	1 368	67%	110%	-	-	-	2 005
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	511 841	333	512 174	-	-	512 174	547 058	-	(34 884)	0	0	-	-	-	45 393
Funded by:															
National Government	459 560	-	459 560	-	-	459 560	501 612	-	(42 051)	109%	109%	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	52 281	333	52 614	-	-	52 614	45 446	-	7 167	86%	87%	-	-	-	45 393
Total Capital Funding	511 841	333	512 174	-	-	512 174	547 058	-	(34 884)	0	0	-	-	-	45 393

Annexure 2
Amathole District Municipality
Consolidated Annual Financial Statements
for the financial year ended 30 June 2013

Reconciliation of Table A7 Budgeted Cash Flows: Group

Description	2012/2013								2011/2012
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
R thousand	1	2	3	6	7	9	10	11	12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts	(1 520 442)	118 054	1 584 101	1 638 496	1 334 196	304 300	-	-	1 160 806
Ratepayers and other	(393 170)	118 054	511 224	511 224	143 740	367 484	28%	-37%	72 756
Government - capital	(459 560)		613 317	613 317	1 129 091	(515 775)	100%	100%	1 021 517
Government - operating	(613 317)		459 560	459 560	-	459 560	0%	0%	-
Interest	(54 394)		-	54 394	61 365	(6 970)	100%	100%	66 533
Payments	853 808	(117 721)	736 087	(736 087)	(949 776)	213 357	0	0	(739 921)
Suppliers and employees	853 776	(117 721)	736 054	(736 054)	(878 489)	142 435	119%	-103%	(656 346)
Finance charges	32		32	(32)	(10 968)	10 935	100%	100%	(419)
Other	-	-	-	-	(59 987)	59 987	100%	100%	(82 962)
Taxation paid	-	-	-	-	(332)				(194)
NET CASH FROM/(USED) OPERATING ACTIVITIES	(666 634)	333	2 320 188	902 409	384 420	517 657	0	0	420 886
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts	-	-	-	-	(590)	590	0	0	(2 420)
Proceeds on disposal of PPE	-	-	-	-	685	(685)	100%	100%	2 540
Decrease (Increase) in non-current debtors	-	-	-	-	(300)	300	100%	100%	(40)
Decrease (increase) in financial assets	-	-	-	-	(976)	976	100%	100%	(4 920)
Payments	(511 841)	(333)	(512 174)	(512 174)	(549 870)	37 696	0	0	(348 671)
Capital assets	(511 841)	(333)	(512 174)	(512 174)	(549 870)	37 696	107%	107%	(348 671)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(511 841)	(333)	(512 174)	(512 174)	(550 460)	38 286	0	0	(351 091)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts	-	-	-	-	171	(171)	-	-	(98)
Borrowing long term/refinancing	-	-	-	-	-	-	100%	100%	173
Increase (decrease) in consumer deposits	-	-	-	-	171	(171)	100%	100%	(271)
Payments	-	-	-	-	(164)	164	0	0	-
Repayment of borrowing	-	-	-	-	(164)	164	100%	100%	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	7	(7)			(98)
NET INCREASE/ (DECREASE) IN CASH HELD	(1 178 475)	-	1 808 014	390 235	(166 034)	555 937	0	0	69 697
Cash/cash equivalents at the year begin:	(760 505)		(760 505)	(760 505)	384 611	(1 145 116)	-51%	-51%	314 914
Cash/cash equivalents at the year end:	(1 938 980)		1 047 509	1 047 509	218 577	828 932	21%	-11%	384 611