



PHUMELELA
LOCAL MUNICIPALITY

Phumelela Local Municipality
(Registration number :Demarcation number: FS 195)
Financial statements
for the year ended 30 June 2013
Auditor-General - Free State

Phumelela Local Municipality

(Registration number :Demarcation number: FS 195)
Financial Statements for the year ended 30 June 2013

General Information

Legal form of entity	Local municipality
Nature of business and principal activities	Providing municipal services and maintaining the best interests of the local community mainly in the Vrede area.
Mayor and Councillors	
Mayor	Mr T.J. Motaung
Councillors	Mr M.D. Kobeni Mrs T.N. Masiteng Ms J.M. Mofokeng Ms O.A. Mokoena Mr L.M. Msimanga Mrs J.M. Ngwenya - Sithebe Mr D.M. Nkabinde Mr A.D. Radebe Mr T.E. Radebe Mr S.E. Tshabalala Mr O.S. Tshabalala Mrs D.A. Wessels Mr S.M. Zwane Mrs T.R. Zwane
Grading of local authority	Low Capacity Grade 1 in terms of the Remuneration of Public Office Bearers Act
Accounting Officer	Mr B.W. Kannemeyer
Chief Finance Officer (CFO)	Mr T.M. Moremi
Registered office	Civic Centre Cnr. Prinsloo and Kuhn Streets Vrede 9835
Business address	Civic Centre Cnr. Prinsloo and Kuhn Streets Vrede 9835
Postal address	Private Bag X5 Vrede 9835
Bankers	ABSA Bank Ltd
Auditors	Auditor-General - Free State

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Abbreviations

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

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Accounting Officer's Responsibilities and Approval

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

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

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

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

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

As the accounting officer, based on the information and explanations given by management, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The financial statements set out on pages 6 to 64, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2013 and were signed on its behalf by:

Accounting Officer
Mr B.W. Kannemeyer

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Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2013.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 4 number of meetings were held.

Name of member	Number of meetings attended
Ms L.M. Sifako (Chairperson)	2
Mr G.A. Ntsala	3
Ms D.S Lebeko	4

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General and the accounting officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Chairperson of the Audit Committee

Date: _____

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Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interests of the local community mainly in the vrede area. and operates principally in South Africa.

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

Net surplus of the municipality was 7,186,087 (2012: deficit 3,560,092).

2. Going concern

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

3. Subsequent events

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

4. Accounting Officer's interest in contracts

The accounting officer does not have any interests in contracts.

5. Accounting policies

The financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Accounting Officer

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

Name
Mr B.W. Kannemeyer

7. Auditors

Auditor-General - Free State will continue in office for the next financial period.

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Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Inventories	9	33,690,312	33,881,416
Receivables from exchange transactions	10	3,322,138	2,575,332
Receivables from non-exchange transactions	11	-	3,485,438
VAT receivable	12	914,843	1,762,461
Consumer debtors	13	4,428,205	1,955,441
Cash and cash equivalents	14	705,498	6,571,155
		43,060,996	50,231,243
Non-Current Assets			
Investment property	4	20,211,754	20,768,108
Property, plant and equipment	5	536,939,940	497,833,222
Intangible assets	6	45,995	103,599
Other financial assets	7	538,984	668,133
		557,736,673	519,373,062
Non-Current Assets		557,736,673	519,373,062
Current Assets		43,060,996	50,231,243
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		600,797,669	569,604,305
Liabilities			
Current Liabilities			
Other financial liabilities	17	3,253,256	182,425
Finance lease obligation	15	442,337	403,551
Operating lease liability		659,921	-
Payables from exchange transactions	19	63,368,189	56,698,100
Consumer deposits	20	232,220	236,820
Unspent conditional grants and receipts	16	906,705	1,834,296
Bank overdraft	14	1,953,055	-
		70,815,683	59,355,192
Non-Current Liabilities			
Other financial liabilities	17	1,201,879	1,318,117
Finance lease obligation	15	781,150	1,225,956
Retirement benefit obligation	8	6,360,000	2,040,000
Provisions	18	10,467,800	9,105,285
		18,810,829	13,689,358
Non-Current Liabilities		18,810,829	13,689,358
Current Liabilities		70,815,683	59,355,192
Liabilities of disposal groups		-	-
Total Liabilities		89,626,512	73,044,550
Assets		600,797,669	569,604,305
Liabilities		(89,626,512)	(73,044,550)
Net Assets		511,171,157	496,559,755
Accumulated surplus		511,171,157	496,559,755

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Detailed Income statement

Figures in Rand	Note(s)	2013	2012
Revenue			
Service charges	24	22,592,369	23,978,308
Rendering of services		489,675	4,287,557
Interest received (trading)		3,539,175	2,697,179
Licences and permits		16,977	28,948
Other income 1		601,958	1,298,625
Other income	27	-	621,839
Interest received - investment		669,740	40,603
Property rates	23	7,482,667	6,074,745
Government grants & subsidies	25	119,923,319	81,843,831
Public contributions and donations	26	-	2,295,000
Fines		107,650	96,048
Total revenue		155,423,530	123,262,683
Expenditure			
Personnel	29	(44,641,107)	(28,199,933)
Remuneration of councillors	30	(4,447,485)	(4,221,220)
Depreciation and amortisation	33	(29,557,285)	(27,857,563)
Impairment loss/ Reversal of impairments	34	(1,347)	(699,489)
Finance costs	35	(2,700,382)	(1,973,489)
Debt impairment	31	(16,518,150)	(20,011,622)
Repairs and maintenance		(12,784,585)	(8,264,807)
Bulk purchases	39	(12,032,124)	(16,106,106)
Contracted services	37	(3,977,925)	(2,469,803)
Grants and subsidies paid	38	(2,286,939)	(2,282,415)
General Expenses	28	(19,290,114)	(14,736,328)
Total expenditure		(148,237,443)	(126,822,775)
Total revenue		155,423,530	123,262,683
Total expenditure		(148,237,443)	(126,822,775)
Operating surplus (deficit)		7,186,087	(3,560,092)
Surplus (deficit) before taxation		7,186,087	(3,560,092)
Taxation		-	-
Surplus (deficit) for the year		7,186,087	(3,560,092)
Attributable to:			
Owners of the controlling entity		7,186,087	(3,560,092)

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	345,189,285	345,189,285
Adjustments		
Correction of errors	(39,194,020)	(39,194,020)
Balance at 01 July 2011 as restated	305,995,265	305,995,265
Changes in net assets		
Correction of errors	194,124,582	194,124,582
Net income (losses) recognised directly in net assets	194,124,582	194,124,582
Surplus for the year	(3,560,092)	(3,560,092)
Total recognised income and expenses for the year	190,564,490	190,564,490
Total changes	190,564,490	190,564,490
Balance at 01 July 2012	496,559,755	496,559,755
Changes in net assets		
Correction of errors	7,425,315	7,425,315
Net income (losses) recognised directly in net assets	7,425,315	7,425,315
Surplus for the year	7,186,087	7,186,087
Total recognised income and expenses for the year	14,611,402	14,611,402
Total changes	14,611,402	14,611,402
Balance at 30 June 2013	511,171,157	511,171,157

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Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Sale of goods and services		6,036,530	40,524,057
Grants		118,995,399	76,306,000
Interest income		669,740	40,603
		125,701,669	116,870,660
Payments			
Employee costs		(52,016,151)	(31,848,767)
Suppliers		(19,477,491)	(45,869,234)
Finance costs		(2,700,382)	(1,973,489)
		(74,194,024)	(79,691,490)
Total receipts		125,701,669	116,870,660
Total payments		(74,194,024)	(79,691,490)
Net cash flows from operating activities	40	51,507,645	37,179,170
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(66,989,026)	(39,812,147)
Proceeds from sale of property, plant and equipment	5	-	62,599
Purchase of other intangible assets	6	(1,699)	(124,799)
Proceeds from sale of financial assets		129,149	212,824
Recognition of assets: Implementation of GRAP 17		4,986,646	6,148,308
Net cash flows from investing activities		(61,874,930)	(33,513,215)
Cash flows from financing activities			
Repayment of other financial liabilities		2,954,593	(64,155)
Finance lease payments		(406,020)	(363,279)
Net cash flows from financing activities		2,548,573	(427,434)
Net increase/(decrease) in cash and cash equivalents		(7,818,712)	3,238,521
Cash and cash equivalents at the beginning of the year		6,571,155	3,332,634
Cash and cash equivalents at the end of the year	14	(1,247,557)	6,571,155

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	29,102,170	1,175,793	30,277,963	22,592,369	(7,685,594)
Rendering of services	2,831,200	7,000	2,838,200	489,675	(2,348,525)
Interest received (trading)	2,879,000	367,249	3,246,249	3,539,175	292,926
Licences and permits	43,000	(25,600)	17,400	16,977	(423)
Rental of facilities and equipment	1,768,400	(18,442)	1,749,958	601,958	(1,148,000)
Interest received - investment	650,000	3,100	653,100	669,740	16,640
Total revenue from exchange transactions	37,273,770	1,509,100	38,782,870	27,909,894	(10,872,976)
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	5,705,978	417,200	6,123,178	7,482,667	1,359,489
Government grants & subsidies	60,433,000	(1,133,000)	59,300,000	119,923,319	60,623,319
Transfer revenue					
Fines	201,000	7,500	208,500	107,650	(100,850)
Total revenue from non-exchange transactions	66,339,978	(708,300)	65,631,678	127,513,636	61,881,958
'Total revenue from exchange transactions'	37,273,770	1,509,100	38,782,870	27,909,894	(10,872,976)
'Total revenue from non-exchange transactions'	66,339,978	(708,300)	65,631,678	127,513,636	61,881,958
Total revenue	103,613,748	800,800	104,414,548	155,423,530	51,008,982
Expenditure					
Personnel	(35,058,600)	(5,316,960)	(40,375,560)	(44,641,107)	(4,265,547)
Remuneration of councillors	(4,283,600)	(143,666)	(4,427,266)	(4,447,485)	(20,219)
Depreciation and amortisation	(4,179,000)	-	(4,179,000)	(29,557,285)	(25,378,285)
Impairment loss/ Reversal of impairments	-	-	-	(1,347)	(1,347)
Finance costs	(483,000)	(29,200)	(512,200)	(2,700,382)	(2,188,182)
Debt impairment	(5,264,113)	2,133,813	(3,130,300)	(16,518,150)	(13,387,850)
Repairs and maintenance	(11,959,000)	798,932	(11,160,068)	(12,784,585)	(1,624,517)
Bulk purchases	(15,541,300)	35,700	(15,505,600)	(12,032,124)	3,473,476
Contracted Services	(2,440,000)	(921,700)	(3,361,700)	(3,977,925)	(616,225)
Grants and subsidies paid	(2,300,000)	-	(2,300,000)	(2,286,939)	13,061
General Expenses	(21,822,000)	2,362,421	(19,459,579)	(19,290,114)	169,465
Total expenditure	(103,330,613)	(1,080,660)	(104,411,273)	(148,237,443)	(43,826,170)
	283,135	(279,860)	3,275	7,186,087	7,182,812
	-	-	-	-	-
Surplus before taxation	283,135	(279,860)	3,275	7,186,087	7,182,812
Deficit before taxation	283,135	(279,860)	3,275	7,186,087	7,182,812
Taxation	-	-	-	-	-

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	283,135	(279,860)	3,275	7,186,087	7,182,812

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Appropriation Statement

Figures in Rand

	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
2013											
Financial Performance											
Property rates	5,705,978	417,200	6,123,178	-		6,123,178	7,482,667		1,359,489	122 %	131 %
Service charges	29,102,170	1,175,793	30,277,963	-		30,277,963	22,592,369		(7,685,594)	75 %	78 %
Investment revenue	650,000	3,100	653,100	-		653,100	669,740		16,640	103 %	103 %
Transfers recognised - operational	59,099,000	(1,130,000)	57,969,000	-		57,969,000	59,448,849		1,479,849	103 %	101 %
Other own revenue	7,722,600	337,707	8,060,307	-		8,060,307	4,755,435		(3,304,872)	59 %	62 %
Total revenue (excluding capital transfers and contributions)	102,279,748	803,800	103,083,548	-		103,083,548	94,949,060		(8,134,488)	92 %	93 %
Employee costs	(35,058,600)	(5,316,960)	(40,375,560)	-	-	(40,375,560)	(44,641,107)	(7,302,459)	(4,265,547)	111 %	127 %
Remuneration of councillors	(4,283,600)	(143,666)	(4,427,266)	-	-	(4,427,266)	(4,447,485)	(10,484)	(20,219)	100 %	104 %
Debt impairment	(5,264,113)	2,133,813	(3,130,300)			(3,130,300)	(16,518,150)	(13,887,850)	(13,387,850)	528 %	314 %
Depreciation and asset impairment	(4,179,000)	-	(4,179,000)			(4,179,000)	(29,558,632)	(15,652,153)	(25,379,632)	707 %	707 %
Finance charges	(483,000)	(29,200)	(512,200)	-	-	(512,200)	(2,700,382)	(1,595,048)	(2,188,182)	527 %	559 %
Materials and bulk purchases	(15,541,300)	35,700	(15,505,600)	-	-	(15,505,600)	(12,032,124)	(2,013,436)	3,473,476	78 %	77 %
Transfers and grants	(2,300,000)	-	(2,300,000)	-	-	(2,300,000)	(2,286,939)	(32,171)	13,061	99 %	99 %
Other expenditure	(36,221,000)	2,238,053	(33,982,947)	-	-	(33,982,947)	(36,052,624)	(2,430,588)	(2,069,677)	106 %	100 %
Total expenditure	(103,330,613)	(1,082,260)	(104,412,873)	-	-	(104,412,873)	(148,237,443)	(42,924,189)	(43,824,570)	142 %	143 %
Total revenue (excluding capital transfers and contributions)	102,279,748	803,800	103,083,548	-	-	103,083,548	94,949,060	-	(8,134,488)	92 %	93 %
Total expenditure	(103,330,613)	(1,082,260)	(104,412,873)	-	-	(104,412,873)	(148,237,443)	(42,924,189)	(43,824,570)	142 %	143 %
Surplus/(Deficit)	(1,050,865)	(278,460)	(1,329,325)	-		(1,329,325)	(53,288,383)		(51,959,058)	4,009 %	5,071 %

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Appropriation Statement

Figures in Rand

	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
Transfers recognised - capital	1,334,000	(3,000)	1,331,000	-		1,331,000	60,474,470		59,143,470	4,544 %	4,533 %
Surplus/(Deficit)	(1,050,865)	(278,460)	(1,329,325)	-	-	(1,329,325)	(53,288,383)	-	(51,959,058)	4,009 %	5,071 %
Capital transfers and contributions	1,334,000	(3,000)	1,331,000	-	-	1,331,000	60,474,470	-	59,143,470	4,544 %	4,533 %
Surplus (Deficit) after capital transfers and contributions	283,135	(281,460)	1,675	-		1,675	7,186,087		7,184,412	429,020 %	2,538 %
Surplus (Deficit) after capital transfers and contributions	283,135	(281,460)	1,675	-	-	1,675	7,186,087	-	7,184,412	429,020 %	2,538 %
Surplus/(Deficit) for the year	283,135	(281,460)	1,675	-		1,675	7,186,087		7,184,412	429,020 %	2,538 %
Capital expenditure and funds sources											
Total capital expenditure	86,684,338	-	86,684,338	-		86,684,338	113,899,554		27,215,216	131 %	131 %
Sources of capital funds											
Transfers recognised - capital	85,466,000	-	85,466,000	-		85,466,000	-		(85,466,000)	- %	- %
Internally generated funds	1,218,338	-	1,218,338	-		1,218,338	1,218,338		-	100 %	100 %
Total sources of capital funds	86,684,338	-	86,684,338	-		86,684,338	1,218,338		(85,466,000)	1 %	1 %

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Figures in Rand

	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
Cash flows											
Net cash from (used) operating	3,544,064	(281,462)	3,262,602	-		3,262,602	51,507,645		48,245,043	1,579 %	1,453 %
Net cash from (used) investing	(3,068,338)	-	(3,068,338)	-		(3,068,338)	(61,874,930)		(58,806,592)	2,017 %	2,017 %
Net cash from (used) financing	(918,000)	-	(918,000)	-		(918,000)	2,548,573		3,466,573	(278)%	(278)%
Net increase/(decrease) in cash and cash equivalents	(442,274)	(281,462)	(723,736)	-		(723,736)	(7,818,712)		(7,094,976)	1,080 %	1,768 %
Cash and cash equivalents at the beginning of the year	507,847	153	508,000	-		508,000	6,571,155		6,063,155	1,294 %	1,294 %
Net increase / (decrease) in cash and cash equivalents	(442,274)	(281,462)	(723,736)	-	-	(723,736)	(7,818,712)	-	7,094,976	1,080 %	1,768 %
Cash and cash equivalents at the beginning of the year	507,847	153	508,000	-	-	508,000	6,571,155	-	(6,063,155)	1,294 %	1,294 %
Cash and cash equivalents at year end	65,573	(281,309)	(215,736)	-		(215,736)	(1,247,557)		1,031,821	578 %	(1,903)%

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Appropriation Statement

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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2012				
Financial Performance				
Property rates				6,074,745
Service charges				23,978,308
Investment revenue				40,603
Transfers recognised - operational				53,006,058
Other own revenue				9,030,196
Total revenue (excluding capital transfers and contributions)				92,129,910
Employee costs	(149,067)	-	(149,067)	(28,199,933)
Remuneration of councillors	568,220	-	568,220	(4,221,220)
Debt impairment	13,966,622	-	13,966,622	(20,011,622)
Depreciation and asset impairment	13,132,377	-	13,132,377	(28,557,052)
Finance charges	78,203	-	78,203	(1,973,489)
Materials and bulk purchases	2,897,106	-	2,897,106	(16,106,106)
Transfers and grants	(1,238,585)	-	(1,238,585)	(2,282,415)
Other expenditure	(8,463,140)	-	(8,463,140)	(25,470,938)
Total expenditure	20,791,736	-	20,791,736	(126,822,775)
Total revenue (excluding capital transfers and contributions)	-	-	-	92,129,910
Total expenditure	20,791,736	-	20,791,736	(126,822,775)
Surplus/(Deficit)				(34,692,865)
Transfers recognised - capital				28,837,773
Contributions recognised - capital and contributed assets				2,295,000
Surplus/(Deficit)	-	-	-	(34,692,865)
Capital transfers and contributions	-	-	-	31,132,773
Surplus (Deficit) after capital transfers and contributions				(3,560,092)

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Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Surplus (Deficit) after capital transfers and contributions	-	-	-	(3,560,092)
Surplus/(Deficit) for the year				(3,560,092)
Capital expenditure and funds sources				
Total capital expenditure				50,041,891
Cash flows				
Net cash from (used) operating				37,179,170
Net cash from (used) investing				(33,513,215)
Net cash from (used) financing				(427,434)
Net increase/(decrease) in cash and cash equivalents				3,238,521
Cash and cash equivalents at the beginning of the year				3,332,634
Net increase / (decrease) in cash and cash equivalents	-	-	-	3,238,521
Cash and cash equivalents at the beginning of the year	-	-	-	3,332,634
Cash and cash equivalents at year end				6,571,155

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Accounting Policies

1. Presentation of Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Effective interest rate

The municipality used the borrowing interest rate to discount future cash flows.

Allowance for doubtful debts

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

1.2 Investment property

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

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

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

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Accounting Policies

1.2 Investment property (continued)

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

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

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

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

Cost model

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

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

Item	Useful life
Property - land	50 years

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

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

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

1.3 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

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

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

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

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.

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Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

Item	Average useful life
Land	Indefinite
Buildings	15 - 50 years
Furniture and fixtures	5 - 10 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years
Infrastructure	
• Electricity	15 - 50 years
• Roads	30 years
• Water	20 years
• Sewerage	12 - 50 years
Other property, plant and equipment	2 - 5 years

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

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Accounting Policies

1.4 Intangible assets (continued)

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

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

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

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

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

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

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

1.5 Financial instruments

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

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

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

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.

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Accounting Policies

1.5 Financial instruments (continued)

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.5 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.5 Financial instruments (continued)

Classification

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

Class	Category
Other financial assets	Financial asset measured at fair value
Trade and other receivables from exchange transactions	Financial asset measured at fair value
Other receivable from non-exchange transactions	Financial asset measured at fair value
Consumer debtors	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at fair value

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at cost
Consumer deposit	Financial liability measured at cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

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

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Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

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

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

Reclassification

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

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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Accounting Policies

1.5 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

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Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

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Accounting Policies

1.5 Financial instruments (continued)

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

Presentation

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

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

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

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

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

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

1.6 Tax

Current tax assets and liabilities

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

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

1.7 Leases

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

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

Finance leases - lessee

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

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

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

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

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Accounting Policies

1.7 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.8 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

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Accounting Policies

1.9 Employee benefits

Short-term employee benefits

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

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

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

Defined benefit plans

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

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

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

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

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

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

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

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

1.10 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

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Accounting Policies

1.10 Provisions and contingencies (continued)

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

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

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

Provisions are not recognised for future operating deficits.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

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

Measurement

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

Rendering of services

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

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

Interest, royalties and dividends

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

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

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

1.12 Revenue from non-exchange transactions

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

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

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Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

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

Recognition

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

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

Measurement

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

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

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Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.13 Investment income

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

1.14 Borrowing costs

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

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

1.15 Comparative figures

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

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

1.18 Irregular expenditure

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

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

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

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

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Accounting Policies

1.18 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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

1.19 Use of estimates

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

1.20 Presentation of currency

These financial statements are presented in South African Rand.

1.21 Offsetting

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

1.22 Investments

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

Investments in derivative financial instruments

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in accumulated surpluses/(deficits). Amounts deferred in net assets are recognised in the statement of financial performance in the same period in which the hedged firm commitment or forecasted transaction affects net surplus/(deficit).

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of financial performance as they arise.

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Accounting Policies

1.23 Conditional grants and receipts

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

1.24 Segmental information

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

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

1.25 Budget information

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

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

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

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

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

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

1.26 Commitments

Commitments may be referred to as the intention to commit to an outflow from the agency of resources embodying economic benefits.

A commitment arises when a decision is made to incur a liability. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate.

Assets to be acquired and liabilities to be incurred as a result of a commitment are generally not recognised until at least one of the parties has performed under an agreement.

A commitment becomes a liability when the intention to agree to an outflow of resources embodying economic benefits becomes a present obligation.

Commitments are not recognised but are disclosed in the Annual Financial Statements.

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Notes to the Financial Statements

Figures in Rand	2013	2012
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2. Changes in accounting policy

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

- GRAP 23: Revenue from Non-exchange Transactions
- GRAP 24: Presentation of Budget Information in the Financial Statements
- GRAP 104: Financial Instruments

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

Statement of financial position

Inventories		
Adjustment	-	25,900,465

Investment properties		
Adjustment	-	35,691,063

Property, plant and equipment		
Adjustment	-	306,853,660

Impairment of cash generating assets		
Adjustment	-	96,170

Intangible assets		
Adjustment	-	103,599

Heritage assets		
Adjustment	-	2,010

Statement of Financial Performance

Depreciation and amortisation		
Adjustment	-	(17,082,377)

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Notes to the Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured 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.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality has adopted the standard for the first time in the 2013 financial statements.

The impact of the standard is not material.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present 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 currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and financial statements on a comparable basis, it includes the comparison as an additional column in the primary financial statements. Where the budget and financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

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Notes to the Financial Statements

3. New standards and interpretations (continued)

The municipality has adopted the standard for the first time in the 2013 financial statements.

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the financial statements.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle a municipality to a portion of another municipality's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an municipality considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An municipality measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. An municipality is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.

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Notes to the Financial Statements

3. New standards and interpretations (continued)

- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an municipality can however designate such an instrument to be measured at fair value.

An municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once an municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an municipality has transferred control of the asset to another municipality.

An municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where an municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

An municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an municipality is exposed to as a result of its financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An municipality is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality has adopted the standard for the first time in the 2013 financial statements.

The impact of the amendment is not material.

3.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2013	Low
• GRAP 25: Employee benefits	01 April 2013	Low
• GRAP 105: Transfers of functions between entities under common control	01 April 2014	None
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014	None

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Notes to the Financial Statements

3. New standards and interpretations (continued)

• GRAP 107: Mergers	01 April 2014	None
• GRAP 20: Related parties	01 April 2013	Low
• IGRAP 11: Consolidation – Special purpose entities	01 April 2014	None
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014	None
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014	None
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2014	None
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014	None
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	Low
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	Low
• GRAP 7 (as revised 2012): Investments in Associates	01 April 2013	None
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	Low
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	Low
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013	None
• IGRAP16: Intangible assets website costs	01 April 2013	None
• IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	01 April 2013	Low

3.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 12 (as revised 2012): Inventories	01 April 2013	Low
• GRAP 13 (as revised 2012): Leases	01 April 2013	Low
• GRAP 16 (as revised 2012): Investment Property	01 April 2013	Low
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013	Low

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4. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	22,437,171	(2,225,417)	20,211,754	22,437,171	(1,669,063)	20,768,108

Reconciliation of investment property - 2013

	Opening balance	Depreciation	Total
Investment property	20,768,108	(556,354)	20,211,754

Reconciliation of investment property - 2012

	Opening balance	Depreciation	Total
Investment property	21,324,462	(556,354)	20,768,108

Pledged as security

Carrying value of assets pledged as security:

No Investment Property assets were pledged as security.

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

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

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5. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	18,126,363	-	18,126,363	18,126,363	-	18,126,363
Buildings	63,053,248	(15,655,190)	47,398,058	62,234,055	(11,977,698)	50,256,357
Plant and machinery	7,124,112	(6,332,987)	791,125	7,033,768	(5,589,935)	1,443,833
Furniture and fixtures	5,208,639	(2,237,401)	2,971,238	4,918,320	(1,972,600)	2,945,720
Motor vehicles	9,025,807	(4,235,118)	4,790,689	5,341,956	(3,024,431)	2,317,525
IT equipment	2,358,074	(1,175,397)	1,182,677	1,585,196	(736,917)	848,279
Infrastructure	542,394,855	(102,378,422)	440,016,433	484,919,148	(81,690,479)	403,228,669
Community Heritage	21,661,347 2,010	- -	21,661,347 2,010	18,664,466 2,010	- -	18,664,466 2,010
Total	668,954,455	(132,014,515)	536,939,940	602,825,282	(104,992,060)	497,833,222

Phumelela Local Municipality

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

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5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Work in progress	Disposals	Depreciation	Impairment loss	Total
Land	18,126,363	-	-	-	-	-	18,126,363
Buildings	50,256,357	-	-	-	(2,858,299)	-	47,398,058
Plant and machinery	1,443,833	2,109,399	-	-	(2,762,107)	-	791,125
Furniture and fixtures	2,945,720	420,009	-	-	(393,144)	(1,347)	2,971,238
Motor vehicles	2,317,525	3,272,341	-	-	(799,177)	-	4,790,689
IT equipment	848,279	801,481	-	-	(467,083)	-	1,182,677
Infrastructure	403,228,669	3,119,751	54,269,164	-	(20,601,151)	-	440,016,433
Community	18,664,466	2,996,881	-	-	-	-	21,661,347
Heritage	2,010	-	-	-	-	-	2,010
	497,833,222	12,719,862	54,269,164	-	(27,880,961)	(1,347)	536,939,940

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Work in progress	Disposals	Depreciation	Impairment loss	Total
Land	18,126,363	-	-	-	-	-	18,126,363
Buildings	53,659,156	-	-	-	(2,858,299)	(544,500)	50,256,357
Plant and machinery	1,820,532	697,321	-	-	(977,850)	(96,170)	1,443,833
Furniture and fixtures	3,479,009	314,644	-	-	(847,933)	-	2,945,720
Motor vehicles	3,299,671	-	-	(49,500)	(873,827)	(58,819)	2,317,525
IT equipment	691,761	568,859	-	(13,099)	(399,242)	-	848,279
Infrastructure	390,077,904	1,460,938	32,170,385	-	(20,480,558)	-	403,228,669
Community	14,064,466	4,600,000	-	-	-	-	18,664,466
Heritage	2,010	-	-	-	-	-	2,010
	485,220,872	7,641,762	32,170,385	(62,599)	(26,437,709)	(699,489)	497,833,222

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Notes to the Financial Statements

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5. Property, plant and equipment (continued)

Pledged as security

Carrying value of assets pledged as security:

None of the assets have been pledged as security.

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

6. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	147,371	(101,376)	45,995	147,371	(43,772)	103,599

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Intangible assets	103,599	1,699	(59,303)	45,995

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Intangible assets	15,287	124,799	(36,487)	103,599

7. Other financial assets

Designated at fair value

Unlisted shares		538,984	668,133
At cost			
		538,984	668,133
		-	-
		-	-

Non-current assets

Designated at fair value		538,984	668,133
Non-current assets		538,984	668,133
Current assets		-	-

Phumelela Local Municipality

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2

Unlisted Investments	538,984	668,153
	-	-
	538,984	668,153
	-	-

8. Employee benefit obligations

Defined benefit plan

It is the policy of the municipality to provide retirement benefits to all its employees who elect to participate in the different available schemes. A number of defined contribution provident funds, all of which are subject to Pensions Fund Act, exist for this purpose. The majority of employees belong to three different benefit retirement funds. One fund is administered by the Provincial Pension Fund. The last actuarial valuation was dated 30 June 2013.

Post retirement medical aid plan

The municipality contributes on a monthly basis to the following medical aid scheme:
Keyhealth

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(6,360,000)	(2,040,000)
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(2,040,000)	(1,803,000)
Benefits paid	252,000	-
Net expense recognised in the statement of financial performance	(4,572,000)	(237,000)
	(6,360,000)	(2,040,000)

Net expense recognised in the statement of financial performance

Current service cost	-	202,000
Interest cost	(159,000)	(152,000)
Actuarial (gains) losses	(4,413,000)	(287,000)
	(4,572,000)	(237,000)

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
8. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	0.70 %	1.41 %
Expected rate of return on assets	7.89 %	8.25 %
Assumed medical inflation	7.14 %	6.75 %
9. Inventories		
Consumable stores	664,570	835,286
Water	28,442	48,830
Unsold Properties Held for Resale	32,997,300	32,997,300
	33,690,312	33,881,416
10. Receivables from exchange transactions		
Trade debtors	3,284,572	1,992,383
Sundry debtors	37,566	582,949
	3,322,138	2,575,332
Credit quality of trade and other receivables		
The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
None of the financial assets that are fully performing have been renegotiated in the last year.		
11. Receivables from non-exchange transactions		
Government grants and subsidies	-	3,485,438
12. VAT receivable		
VAT	914,843	1,762,461
13. Consumer debtors		
Gross balances		
Rates	12,749,872	11,195,298
Electricity	3,498,992	2,665,143
Water	21,553,005	17,898,872
Sewerage	23,691,054	18,596,997
Refuse	25,513,407	19,952,686
Business service levies	1,962,874	411,043
Housing rental	152,513	103,762
Other (specify)	10,094	6,360
	89,131,811	70,830,161

Phumelela Local Municipality

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
13. Consumer debtors (continued)		
Less: Allowance for impairment		
Rates	(9,473,134)	(8,604,824)
Electricity	(3,245,918)	(2,525,262)
Water	(21,431,957)	(17,817,963)
Sewerage	(23,390,724)	(18,373,387)
Refuse	(25,363,080)	(19,819,234)
Business service levies	1,962,874	411,043
Other (specify)	(1,798,793)	(1,734,050)
	(82,740,732)	(68,463,677)
Net balance		
Rates	3,276,738	2,590,474
Electricity	253,074	139,881
Water	121,048	80,909
Sewerage	300,330	223,610
Refuse	150,327	133,452
Business service levies	1,962,874	411,043
Housing rental	152,513	103,762
Other	(1,788,699)	(1,727,690)
	4,428,205	1,955,441
Rates		
Current (0 -30 days)	(606,900)	521,727
31 - 60 days	29,109	223,754
61 - 90 days	21,766	1,338,609
91 - 120 days	14,731	224,168
121 - 365 days	3,818,032	282,216
	3,276,738	2,590,474
Electricity		
Current (0 -30 days)	195,018	59,944
31 - 60 days	13,619	41,711
61 - 90 days	5,699	18,423
91 - 120 days	3,510	16,804
121 - 365 days	35,228	2,999
	253,074	139,881
Water		
Current (0 -30 days)	(42,207)	5,794
31 - 60 days	19,421	27,424
61 - 90 days	19,890	33,354
91 - 120 days	22,645	7,686
121 - 365 days	101,299	6,651
	121,048	80,909
Sewerage		
Current (0 -30 days)	94,538	94,866
31 - 60 days	33,156	71,326
61 - 90 days	20,963	51,117
91 - 120 days	16,728	6,301
121 - 365 days	134,945	-
	300,330	223,610

Phumelela Local Municipality

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Notes to the Financial Statements

Figures in Rand	2013	2012
13. Consumer debtors (continued)		
Refuse		
Current (0 -30 days)	(5,248)	44,643
31 - 60 days	26,838	44,907
61 - 90 days	16,665	35,607
91 - 120 days	13,234	8,295
121 - 365 days	98,838	-
	150,327	133,452
Other		
Current (0 -30 days)	146,679	30,716
31 - 60 days	155,561	32,576
61 - 90 days	100,568	21,060
91 - 120 days	113,443	23,756
121 - 365 days	1,446,623	302,935
	1,962,874	411,043
Housing rental		
Current (0 -30 days)	(3,352)	5,375
31 - 60 days	2,214	5,375
61 - 90 days	1,815	2,451
91 - 120 days	1,815	2,451
121 - 365 days	1,815	2,451
> 365 days	148,206	85,659
	152,513	103,762
Deposits No receipts		
Current (0 -30 days)	(1,788,699)	(1,727,690)

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Notes to the Financial Statements

Figures in Rand	2013	2012
13. Consumer debtors (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	547,208	1,623,571
31 - 60 days	1,505,870	1,393,101
61 - 90 days	1,787,457	1,157,014
91 - 120 days	1,390,986	1,127,994
121 - 365 days	74,925,842	52,672,826
	80,157,363	57,974,506
Less: Allowance for impairment	(76,899,425)	(58,755,049)
	3,257,938	(780,543)
Industrial/ commercial		
Current (0 -30 days)	215,819	331,645
31 - 60 days	184,887	140,579
61 - 90 days	156,368	613,071
91 - 120 days	146,083	108,170
121 - 365 days	7,236,833	11,052,805
	7,939,990	12,246,270
Less: Allowance for impairment	(7,703,327)	(9,529,074)
	236,663	2,717,196
National and provincial government		
Current (0 -30 days)	33,895	37,379
31 - 60 days	46,216	31,086
61 - 90 days	39,088	26,117
91 - 120 days	39,453	13,603
121 - 365 days	869,499	501,196
	1,028,151	609,381
Less: Allowance for impairment	(940,423)	(590,597)
	87,728	18,784
Total		
Current (0 -30 days)	796,921	1,992,595
31 - 60 days	1,736,973	1,564,766
61 - 90 days	1,982,914	1,796,206
91 - 120 days	1,576,522	1,249,766
121 - 365 days	83,038,481	64,226,827
	89,131,811	70,830,160
Less: Allowance for impairment	(84,703,606)	(68,874,719)
	4,428,205	1,955,441
Less: Allowance for impairment		
31 - 60 days	(1,275,907)	(1,467,481)
61 - 90 days	(1,608,463)	(1,499,533)
91 - 120 days	(1,768,845)	(1,297,876)
121 - 365 days	(1,503,462)	(1,236,571)
> 365 days	(78,546,929)	(63,373,259)
	(84,703,606)	(68,874,720)

Phumelela Local Municipality

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
13. Consumer debtors (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(68,874,720)	(48,863,098)
Contributions to allowance	(16,518,150)	(20,700,885)
Debt impairment written off against allowance	689,264	689,263
	(84,703,606)	(68,874,720)

Consumer debtors pledged as security

None of the consumers receivables were pledged as security.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	20,048	68,498
Bank balances	-	1,349,663
Short-term deposits	685,450	5,152,994
Bank overdraft	(1,953,055)	-
	(1,247,557)	6,571,155
Current assets	705,498	6,571,155
Current liabilities	(1,953,055)	-
	(1,247,557)	6,571,155

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA Bank - Current	878,150	1,349,663	477,900	(1,953,055)	1,349,663	171,603
ABSA Bank Call account	577,675	11,000	2,561,415	577,675	11,000	2,561,415
ABSA Bank Call account	4,661	17,303	482,783	4,661	17,303	482,783
ABSA Bank Medium term deposit	-	4,241,449	110,443	-	4,241,449	110,443
First National Bank - 7 Day Interest Plus	4,481	509,159	-	4,481	509,159	-
First National Bank - Cheque account	100,906	374,083	-	100,906	374,083	-
Total	1,565,873	6,502,657	3,632,541	(1,265,332)	6,502,657	3,326,244

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Figures in Rand	2013	2012
15. Finance lease obligation		
Minimum lease payments due		
- within one year	529,364	533,880
- in second to fifth year inclusive	837,313	1,378,631
	1,366,677	1,912,511
less: future finance charges	(143,190)	(283,004)
Present value of minimum lease payments	1,223,487	1,629,507
Present value of minimum lease payments due		
- within one year	442,337	403,551
- in second to fifth year inclusive	781,150	1,225,956
	1,223,487	1,629,507
Non-current liabilities	781,150	1,225,956
Current liabilities	442,337	403,551
	1,223,487	1,629,507

It is municipality policy to lease certain equipment under finance leases.

The average lease term was 5years and the average effective borrowing rate was 8.5 % -% (2012: 9%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Integrated national electrification programme grant	593,485	411,555
COGTA - Social development grant	-	602,847
COGTA - Water treatment plant Warden	313,220	819,894
	906,705	1,834,296

Movement during the year

Balance at the beginning of the year	1,834,296	4,852,327
Additions during the year	118,995,399	78,938,046
Income recognition during the year	(119,922,990)	(81,956,077)
	906,705	1,834,296

17. Other financial liabilities

At amortised cost		
DBSA loans	1,201,879	1,318,117
DBSA loans - short term portion	117,107	182,425
ABSA term loan	3,136,149	-
	4,455,135	1,500,542

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Notes to the Financial Statements

Figures in Rand	2013	2012
Total other financial liabilities	4,455,135	1,500,542
Non-current liabilities		
At amortised cost	1,201,879	1,318,117
Current liabilities		
At amortised cost	3,253,256	182,425

Financial liabilities at amortised cost

18. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	9,105,285	1,362,515	-	10,467,800

Reconciliation of provisions - 2012

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	6,744,764	855,236	1,505,285	9,105,285

There are three existing waste disposal sites, one in each town of Vrede, Memel and Warden. The waste disposal sites have to be closed due to them being unsuitable sites for waste disposal. A provision has been recognised to account for the closure cost estimate for both landfill sites. It is estimated that each landfill site will be closed after 30 Years and the discount rate used to calculate the provision is 12.68%.

19. Payables from exchange transactions

Trade payables	61,861,993	56,058,512
Deposits received	1,506,196	639,588
	63,368,189	56,698,100

20. Consumer deposits

Water	232,220	236,820
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21. Financial instruments disclosure

Categories of financial instruments

2013

Financial assets

	At fair value	At amortised cost	At cost	Total
Other financial assets	538,984	-	-	538,984
Trade and other receivables from exchange transactions	3,322,138	-	-	3,322,138
Consumer debtors	4,428,205	-	-	4,428,205
Cash and cash equivalents	705,498	-	-	705,498

Phumelela Local Municipality

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Notes to the Financial Statements

Figures in Rand	2013	2012
	8,994,825	8,994,825

Financial liabilities

	At fair value	At amortised cost	At cost	Total
Other financial liabilities	-	3,253,256	-	3,253,256
Trade and other payables from exchange transactions	-	-	66,094,059	66,094,059
Consumer deposit	-	-	232,220	232,220
	-	3,253,256	66,326,279	69,579,535

2012

Financial assets

	At fair value	At amortised cost	At cost	Total
Other financial assets	668,153	-	-	668,153
Trade and other receivables from exchange transactions	2,575,332	-	-	2,575,332
Other receivables from non-exchange transactions	3,485,438	-	-	3,485,438
Consumer debtors	1,955,441	-	-	1,955,441
Cash and cash equivalents	6,571,155	-	-	6,571,155
	15,255,519	-	-	15,255,519

Financial liabilities

	At fair value	At amortised cost	At cost	Total
Other financial liabilities	-	182,425	-	182,425
Trade and other payables from exchange transactions	-	-	566,981,000	566,981,000
Consumer deposits	-	-	236,820	236,820
	-	182,425	567,217,820	567,400,245

22. Revenue

Fines	107,650	96,048
Government grants & subsidies	119,923,319	81,843,831
Income awarded by Krynaauwslust Boerdery Trust	-	621,839
Interest received (trading)	3,539,175	2,697,179
Interest received - investment	669,740	40,603
Licences and permits	16,977	28,948
Other income	601,958	1,298,625
Property rates	7,482,667	6,074,745
Public contributions and donations	-	2,295,000
Rendering of services	489,675	4,287,557
Service charges	22,592,369	23,978,308
	155,423,530	123,262,683

Phumelela Local Municipality

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Notes to the Financial Statements

Figures in Rand 2013 2012

22. Revenue (continued)

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

Income awarded by Krynaauwslust Boerdery Trust	-	621,839
Interest received (trading)	3,539,175	2,697,179
Interest received - investment	669,740	40,603
Licences and permits	16,977	28,948
Rendering of services	489,675	4,287,557
Rental of facilities and equipment	601,958	1,298,625
Service charges	22,592,369	23,978,308
	27,909,894	32,953,059

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	7,482,667	6,074,745
Transfer revenue		
Fines	107,650	96,048
Government grants & subsidies	119,923,319	81,843,831
Public contributions and donations	-	2,295,000
	127,513,636	90,309,624

23. Property rates

Rates received

Residential	2,865,481	2,086,143
Small holdings and farms	4,617,186	3,988,602
	7,482,667	6,074,745

24. Service charges

Sale of electricity	6,797,406	6,506,404
Sale of water	4,165,825	7,247,337
Solid waste	5,986,906	5,053,897
Sewerage and sanitation charges	5,642,232	5,170,670
	22,592,369	23,978,308

Phumelela Local Municipality

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Notes to the Financial Statements

Figures in Rand	2013	2012
25. Government grants and subsidies		
Operating grants		
COGTA - Provincial infrastructure grant	506,674	1,399,304
COGTA - Social development grant	602,847	-
Equitable share	56,039,000	49,628,000
Financial management grant	1,500,000	1,300,000
Municipal systems improvement grant	800,328	790,000
Sedibeng Water - Sewerage network Warden	-	(111,246)
	58,339,328	51,606,754
Capital grants		
COGTA	-	219,574
Integrated national electrification programme grant	2,818,071	2,228,445
Municipal infrastructure grant	26,624,000	21,947,000
Regional bulk infrastructure grant	31,032,399	4,442,754
	57,656,399	26,389,754
	119,923,319	81,843,831
COGTA - Provincial infrastructure grant		
Balance unspent at beginning of year	819,894	2,219,199
Conditions met - transferred to revenue	(506,674)	(1,399,305)
	313,220	819,894
COGTA - Social development grant		
Balance unspent at beginning of year	602,847	602,847
Conditions met - transferred to revenue	(602,847)	-
	-	602,847
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Financial management grant		
Current-year receipts	1,500,000	1,300,000
Conditions met - transferred to revenue	(1,500,000)	(1,300,000)
	-	-
Municipal systems improvement grant		
Current-year receipts	800,000	790,000
Conditions met - transferred to revenue	(800,000)	(790,000)
	-	-
Integrated national electrification programme grant		
Balance unspent at beginning of year	411,555	-
Current-year receipts	3,000,000	2,640,000
Conditions met - transferred to revenue	(2,818,070)	(2,228,445)
	593,485	411,555

Phumelela Local Municipality

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
25. Government grants and subsidies (continued)		
Municipal infrastructure grant		
Current-year receipts	26,624,000	21,947,000
Conditions met - transferred to revenue	(26,624,000)	(21,947,000)
	-	-
Regional bulk infrastructure grant		
Balance unspent at beginning of year	-	1,810,707
Current-year receipts	31,032,399	2,632,047
Conditions met - transferred to revenue	(31,032,399)	(4,442,754)
	-	-
26. Public contributions and donations		
Public contributions and donations	-	2,295,000
27. Other income		
Income awarded by Krynaauwslust Boerdery Trust	-	621,839
28. General expenses		
Advertising	212,510	266,715
Auditors remuneration	1,561,342	2,231,911
Bank charges	325,714	200,057
Chemicals	1,284,354	985,606
Community development and training	390,468	373,230
Conferences and seminars	78,949	58,350
Consulting and professional fees	4,197,606	1,512,707
Consumables	369,734	159,845
Entertainment	43,492	54,827
Flowers	350	3,500
Fuel and oil	1,326,613	1,175,126
Gifts	24,254	35,914
Hire	1,106,141	1,345,484
Insurance	537,989	615,804
Lease rentals on operating lease	678,774	485,762
Magazines, books and periodicals	-	150
Medical expenses	-	653
Other expenses	39,130	531,782
Postage and courier	101,231	131,570
Printing and stationery	735,294	483,855
Protective clothing	212,999	397,956
Refuse	269,593	524,999
Royalties and license fees	9,920	-
Subscriptions and membership fees	647,974	141,124
Telephone and fax	1,850,819	1,413,917
Title deed search fees	-	23,440
Training	244,809	175,828
Travel - local	3,040,055	1,406,216
	19,290,114	14,736,328

Phumelela Local Municipality

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Figures in Rand	2013	2012
29. Employee related costs		
13th Cheques	1,867,640	-
Acting allowances	208,673	261,698
Basic	27,449,456	19,800,622
Car allowance	996,063	329,207
Housing benefits and allowances	34,500	35,553
Leave pay provision charge	1,468,691	2,226,433
Long-service awards	777,820	-
Medical aid - company contributions	5,292,787	975,775
Occupational Allowance	228,238	218,976
Other payroll levies	26,637	17,903
Overtime payments	1,775,512	1,381,677
Post-employment benefits - Pension - Defined contribution plan	3,712,524	2,342,233
SDL	312,345	224,639
Standby Allowance	206,101	153,264
UIF	284,120	231,953
	44,641,107	28,199,933
Remuneration of the former municipal manager: Mrs M.J. Mthembu		
Annual Remuneration	-	217,012
Car Allowance	-	122,984
Performance Bonuses	-	171,098
Contributions to UIF, Medical and Pension Funds	-	6,357
Other	-	81,010
	-	598,461
Remuneration of municipal manager: Mr T.M. Moremi		
Annual Remuneration	611,432	444,477
Car Allowance	378,481	276,111
Contributions to UIF, Medical and Pension Funds	145,355	106,435
Other	302,245	216,541
	1,437,513	1,043,564
Remuneration of chief financial officer		
Annual Remuneration	372,962	159,204
Car Allowance	126,724	-
Performance Bonuses	21,298	13,107
Contributions to UIF, Medical and Pension Funds	111,183	35,438
Other	268,176	186,185
	900,343	393,934
30. Remuneration of councillors		
Mayor	543,281	1,165,346
Speaker	565,249	310,477
Councillors	3,338,955	2,745,397
	4,447,485	4,221,220

Phumelela Local Municipality

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Notes to the Financial Statements

Figures in Rand	2013	2012
30. Remuneration of councillors (continued)		
In-kind benefits		
The Mayor and the Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has the use of separate Council owned vehicles for official duties.		
The Mayor has one full-time bodyguards .		
31. Debt impairment		
Contributions to debt impairment provision	16,518,150	20,011,622
32. Investment revenue		
Interest revenue		
Bank	669,740	40,603
	-	-
	669,740	40,603
33. Depreciation and amortisation		
Property, plant and equipment	28,943,327	27,578,700
Investment property	556,354	242,375
Intangible assets	57,604	36,488
	29,557,285	27,857,563
34. Impairment of assets		
Impairments		
Property, plant and equipment	1,347	699,489
	1,347	699,489
	-	-
35. Finance costs		
Non-current borrowings	2,463,135	1,916,379
Bank	237,247	57,110
	2,700,382	1,973,489
36. Auditors' remuneration		
Fees	1,561,342	2,231,911
37. Contracted services		
Information Technology Services	521,048	1,030,458
Fleet Services	145,273	69,295
Specialist Services	4,166	185,685
Other Contractors	3,307,438	1,184,365
	3,977,925	2,469,803

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Figures in Rand	2013	2012
38. Grants and subsidies paid		
Operating grant expenditure		
Operating grant expenditure	2,286,939	2,282,415
Grants paid to ME's	2,286,939	2,282,415
Other subsidies	-	-
39. Bulk purchases		
Electricity	14,574,810	12,603,941
Water	(2,542,686)	3,502,165
	12,032,124	16,106,106
40. Cash generated from operations		
Surplus (deficit)	7,186,087	(3,560,092)
Adjustments for:		
Depreciation and amortisation	29,557,285	27,857,563
Impairment deficit	1,347	699,489
Debt impairment	16,518,150	20,011,622
Movements in operating lease assets and accruals	659,921	-
Movements in retirement benefit assets and liabilities	4,320,000	237,000
Movements in provisions	1,362,515	982,521
Other non-cash items	1,378,000	-
Changes in working capital:		
Inventories	191,104	(8,042,761)
Receivables from exchange transactions	(746,806)	7,058,692
Other receivables from non-exchange transactions	3,485,438	(2,832,189)
Consumer debtors	(18,990,914)	(16,992,063)
Payables from exchange transactions	6,670,091	15,407,183
VAT	847,618	(632,412)
Unspent conditional grants and receipts	(927,591)	(3,018,031)
Consumer deposits	(4,600)	-
Other liability	-	2,648
	51,507,645	37,179,170

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Notes to the Financial Statements

Figures in Rand	2013	2012
41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	16,081,862	17,135,540
Not yet contracted for and authorised by accounting officer		
• Infrastructure	20,528,685	23,665,097
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	-	(53,256)
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	1,317,218	987,590
- in second to fifth year inclusive	1,200	250,210
- later than five years	-	1,400
	1,318,418	1,239,200

Certain of the municipality's properties is held to generate rental income. Rental of properties is expected to generate rental yields of 10% on an ongoing basis. Lease agreements are non-cancellable and have average of 2 years. There are no contingent rents receivable.

42. Contingencies

Litigation is in process against the municipality relating to services rendered by a service provider of the municipality. The claim being made by the plaintiff amounts to R2932109, and the estimated legal costs amounts to R90000. The possibility of the municipality incurring a liability on this litigation is 20 percent. There is no possibility of any reimbursements.

The municipality has three dumping sites which are not registered under the National Environmental Management Waste Act No. 59 of 2008. The possible loss which could be incurred by the municipality amounts to R10000000.

43. Change in estimate

Provision for environmental rehabilitation

The costs expected to be incurred to rehabilitate the landfill sites has changed. The estimate was adjusted retrospectively and the 2011 comparative figure is now R9105285

The impact on tax is nil.

The impact on the cash flow statement is R1505285.

44. Comparative figures

Certain comparative figures have been reclassified.

Property, plant and equipment and Investment property comparative figures have been adjusted, the assets of the municipality have been revalued and additional assets recognised with the Implementation of Grap 17. The comparative amount for depreciation and accumulated depreciation have been adjusted accordingly.

Phumelela Local Municipality

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Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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44. Comparative figures (continued)

The effects of the reclassification are as follows:

Statement of financial position

Inventories	-	7,971,300
Investment property	-	(14,922,955)
Property, plant and equipment	-	190,979,562
Payables from exchange transactions	-	1,378,001
Provisions	-	(1,505,285)

Statement of Financial Performance

Depreciation	-	(10,775,186)
Impairment loss/Reversal of impairment	-	(699,489)
Finance costs	-	(1,505,285)
General expenses	-	112,085,525

45. Risk management

Financial risk management

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

Liquidity risk

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

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

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

46. Going concern

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

47. Unauthorised expenditure

Unauthorised expenditure	42,924,189	20,791,736
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Notes to the Financial Statements

Figures in Rand	2013	2012
48. Fruitless and wasteful expenditure		
Opening balance	791,079	272,231
Fruitless and wasteful expenditure - current year	184,107	504,348
Fruitless and wasteful expenditure - prior year	-	14,500
	975,186	791,079
49. Irregular expenditure		
Opening balance	110,064,952	70,027,642
Add: Irregular Expenditure - current year	11,749,709	40,037,283
	121,814,661	110,064,925
Analysis of expenditure awaiting condonation per age classification		
Current year	11,749,709	40,037,283
Prior years	110,064,952	70,027,642
	121,814,661	110,064,925
50. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Opening balance	-	22,543
Current year subscription / fee	3,574,019	2,231,911
Amount paid - current year	(2,396,351)	(2,254,454)
	1,177,668	-
PAYE and UIF		
Current year subscription / fee	4,004,816	2,346,530
Amount paid - current year	(4,004,816)	(2,346,530)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	4,258,012	3,093,158
Amount paid - current year	(4,258,012)	(3,093,158)
	-	-
VAT		
VAT receivable	914,843	1,762,461

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

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Notes to the Financial Statements

Figures in Rand

2013

2012

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

Councillors' arrear consumer accounts

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

30 June 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
M.D. Nkabinde	149	15,168	15,317
J.M. Ngwenya - Sithebe	(490)	506	16
T.S. Kobeni	5,630	3,868	9,498
D.A. Wessels	719	1,556	2,275
S.M. Zwane	797	15,168	15,965
T.E. Radebe	277	1,596	1,873
	7,082	37,862	44,944

30 June 2012	Outstanding less than 90 days	Outstanding more than 90 days	Total
T.J. Motaung	1,733	440	2,173
A.D. Radebe	2,921	11,969	14,890
L.M. Msimanga	259	47	306
J.M. Ngwenya - Sithebe	228	243	471
T.E. Radebe	525	1,007	1,532
	5,666	13,706	19,372

51. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	4,455,135	1,500,542
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Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

52. Deviation from supply chain management regulations

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

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

Expenditure was incurred during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

53. Budget differences

Material differences between budget and actual amounts

The organisational restructuring and redesign process resulted in an increase in employees salaries as well as the absorption of temporary employees.

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Notes to the Financial Statements

Figures in Rand

2013

2012

The excess of actual expenditure over the final budget for debt impairment and depreciation and amortisation is because of the low provisions recognised in the budget and the implementation of GRAP 17 assets.

Phumelela Local Municipality

Appendix A

June 2013

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
Development Bank of South Africa							
Thembalihle sewerage network	103	265,158	-	41,402	223,756	-	-
Vrede water network	404	1,093,545	-	80,597	1,012,948	-	-
Memel sewerage network	502P	49,856	-	2,831	47,025	-	-
Memel water network	502T	91,971	-	5,720	86,251	-	-
		-	-	-	-	-	-
		1,500,530	-	130,550	1,369,980	-	-
Other loans							
ABSA HP - Olivetti Office equipment and computers		1,629,938	-	406,450	1,223,488	-	-
ABSA - Term loan		-	3,500,000	363,851	3,136,149	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		1,629,938	3,500,000	770,301	4,359,637	-	-
Total external loans							
Loan Stock		-	-	-	-	-	-
Structured loans		-	-	-	-	-	-
Funding facility		-	-	-	-	-	-
Development Bank of South Africa		1,500,530	-	130,550	1,369,980	-	-
Bonds		-	-	-	-	-	-
Other loans		1,629,938	3,500,000	770,301	4,359,637	-	-
Lease liability		-	-	-	-	-	-
Annuity loans		-	-	-	-	-	-
Government loans		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
		-	-	-	-	-	-
		-	-	-	-	-	-
		3,130,468	3,500,000	900,851	5,729,617	-	-

Phumelela Local Municipality
Phumelela Local Municipality

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Appendix B

Monthly Rep. Per.
Sort Rows by Mapping Numbers
June 2013

Analysis of property, plant and equipment as at 30 June 2013
Yearly **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	18,126,363	-	-	-	-	-	18,126,363	-	-	-	-	-	-	18,126,363
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	62,234,055	-	-	-	-	-	62,234,055	(11,977,697)	-	-	(2,858,299)	-	(14,835,996)	47,398,059
	80,360,418	-	-	-	-	-	80,360,418	(11,977,697)	-	-	(2,858,299)	-	(14,835,996)	65,524,422
Infrastructure														
Roads	180,601,359	-	-	-	-	9,718,237	190,319,596	(26,627,936)	-	-	(6,679,197)	-	(33,307,133)	157,012,463
Water	173,476,762	770,246	-	-	-	30,771,520	205,018,528	(22,632,513)	-	-	(5,728,004)	-	(28,360,517)	176,658,011
Sewerage	76,009,070	799,583	-	-	-	10,681,241	87,489,894	(9,251,174)	-	-	(2,313,733)	-	(11,564,907)	75,924,987
Electricity	4,790,066	1,538,298	-	-	-	3,098,163	9,426,527	(938,015)	-	-	(320,006)	-	(1,258,021)	8,168,506
Dump - site	50,041,891	11,625	-	-	-	-	50,053,516	(22,240,840)	-	-	(5,560,210)	-	(27,801,050)	22,252,466
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	484,919,148	3,119,752	-	-	-	54,269,161	542,308,061	(81,690,478)	-	-	(20,601,150)	-	(102,291,628)	440,016,433
Community Assets														
Farms	18,664,466	-	-	-	-	-	18,664,466	-	-	-	-	-	-	18,664,466
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Phumelela Local Municipality
Phumelela Local Municipality

(Registration number :Demarcation number: FS 195)

Appendix B

Monthly Rep. Per.
Sort Rows by Mapping Numbers
June 2013

Analysis of property, plant and equipment as at 30 June 2013
Yearly **Accumulated depreciation**

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
18,664,466	-	-	-	-	-	18,664,466	-	-	-	-	-	-	18,664,466

Phumelela Local Municipality
Phumelela Local Municipality

(Registration number :Demarcation number: FS 195)

Appendix B

Monthly Rep. Per.
Sort Rows by Mapping Numbers
June 2013

Analysis of property, plant and equipment as at 30 June 2013
Yearly **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,010	-	-	-	-	-	2,010	-	-	-	-	-	-	2,010
	2,010	-	-	-	-	-	2,010	-	-	-	-	-	-	2,010
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Plant and machinery	7,033,768	2,109,399	-	-	-	-	9,143,167	(5,589,935)	-	-	(2,762,107)	-	(8,352,042)	791,125
Furniture and fixtures	4,918,320	420,009	-	-	-	-	5,338,329	(1,972,599)	-	-	(393,144)	(1,347)	(2,367,090)	2,971,239
Motor vehicles	5,341,956	3,272,341	-	-	-	-	8,614,297	(3,024,431)	-	-	(799,177)	-	(3,823,608)	4,790,689
It equipment	1,585,196	801,481	-	-	-	-	2,386,677	(736,917)	-	-	(467,083)	-	(1,204,000)	1,182,677
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	18,879,240	6,603,230	-	-	-	-	25,482,470	(11,323,882)	-	-	(4,421,511)	(1,347)	(15,746,740)	9,735,730

Phumelela Local Municipality
Phumelela Local Municipality
(Registration number :Demarcation number: FS 195)
Appendix B

Monthly Rep. Per.
Sort Rows by Mapping Numbers
June 2013

Analysis of property, plant and equipment as at 30 June 2013
Yearly **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	80,360,418	-	-	-	-	-	80,360,418	(11,977,697)	-	-	(2,858,299)	-	(14,835,996)	65,524,422
Infrastructure	484,919,148	3,119,752	-	-	-	54,269,161	542,308,061	(81,690,478)	-	-	(20,601,150)	-	(102,291,628)	440,016,433
Community Assets	18,664,466	-	-	-	-	-	18,664,466	-	-	-	-	-	-	18,664,466
Heritage assets	2,010	-	-	-	-	-	2,010	-	-	-	-	-	-	2,010
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	18,879,240	6,603,230	-	-	-	-	25,482,470	(11,323,882)	-	-	(4,421,511)	(1,347)	(15,746,740)	9,735,730
	602,825,282	9,722,982	-	-	-	54,269,161	666,817,425	(104,992,057)	-	-	(27,880,960)	(1,347)	(132,874,364)	533,943,061
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	147,371	1,699	-	-	-	-	149,070	(43,772)	-	-	(59,303)	-	(103,075)	45,995
	147,371	1,699	-	-	-	-	149,070	(43,772)	-	-	(59,303)	-	(103,075)	45,995
Investment properties														
Investment property	22,437,171	-	-	-	-	-	22,437,171	(1,669,063)	-	-	(556,354)	-	(2,225,417)	20,211,754
	22,437,171	-	-	-	-	-	22,437,171	(1,669,063)	-	-	(556,354)	-	(2,225,417)	20,211,754
Total														
Land and buildings	80,360,418	-	-	-	-	-	80,360,418	(11,977,697)	-	-	(2,858,299)	-	(14,835,996)	65,524,422
Infrastructure	484,919,148	3,119,752	-	-	-	54,269,161	542,308,061	(81,690,478)	-	-	(20,601,150)	-	(102,291,628)	440,016,433
Community Assets	18,664,466	-	-	-	-	-	18,664,466	-	-	-	-	-	-	18,664,466
Heritage assets	2,010	-	-	-	-	-	2,010	-	-	-	-	-	-	2,010
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	18,879,240	6,603,230	-	-	-	-	25,482,470	(11,323,882)	-	-	(4,421,511)	(1,347)	(15,746,740)	9,735,730
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	147,371	1,699	-	-	-	-	149,070	(43,772)	-	-	(59,303)	-	(103,075)	45,995
Investment properties	22,437,171	-	-	-	-	-	22,437,171	(1,669,063)	-	-	(556,354)	-	(2,225,417)	20,211,754
	625,409,824	9,724,681	-	-	-	54,269,161	689,403,666	(106,704,892)	-	-	(28,496,617)	(1,347)	(135,202,856)	554,200,810

Phumelela Local Municipality
Phumelela Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2012
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	22,894,057	-	-	-	-	-	22,894,057	-	-	-	-	-	-	22,894,057
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	62,234,055	-	-	-	-	-	62,234,055	(8,574,898)	-	-	(2,858,299)	(544,500)	(11,977,697)	50,256,358
	85,128,112	-	-	-	-	-	85,128,112	(8,574,898)	-	-	(2,858,299)	(544,500)	(11,977,697)	73,150,415
Infrastructure														
Roads	173,276,839	1,031,484	-	-	-	6,293,036	180,601,359	(19,948,740)	-	-	(6,679,196)	-	(26,627,936)	153,973,423
Water	157,042,020	429,454	-	-	-	16,005,288	173,476,762	(16,938,659)	-	-	(5,693,854)	-	(22,632,513)	150,844,249
Sewerage	66,137,009	-	-	-	-	9,872,061	76,009,070	(6,938,380)	-	-	(2,312,794)	-	(9,251,174)	66,757,896
Electricity	4,790,066	-	-	-	-	-	4,790,066	(703,511)	-	-	(234,504)	-	(938,015)	3,852,051
Dump - site	50,041,891	-	-	-	-	-	50,041,891	(16,680,630)	-	-	(5,560,210)	-	(22,240,840)	27,801,051
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	451,287,825	1,460,938	-	-	-	32,170,385	484,919,148	(61,209,920)	-	-	(20,480,558)	-	(81,690,478)	403,228,670
Community Assets														
Farms	14,064,466	4,600,000	-	-	-	-	18,664,466	-	-	-	-	-	-	18,664,466
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14,064,466	4,600,000	-	-	-	-	18,664,466	-	-	-	-	-	-	18,664,466

Phumelela Local Municipality
Phumelela Local Municipality

(Registration number :Demarcation number: FS 195)

Appendix B

Yrly Per.
Sort Rows by Mapping Numbers
June 2013

Analysis of property, plant and equipment as at 30 June 2012
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,010	-	-	-	-	-	2,010	-	-	-	-	-	-	2,010
	2,010	-	-	-	-	-	2,010	-	-	-	-	-	-	2,010
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Plant and machinery	6,336,447	697,321	-	-	-	-	7,033,768	(4,515,914)	-	-	(977,851)	(96,170)	(5,589,935)	1,443,833
Furniture and fixtures	4,603,676	314,644	-	-	-	-	4,918,320	(1,124,666)	-	-	(847,933)	-	(1,972,599)	2,945,721
Motor vehicles	5,391,456	-	(49,500)	-	-	-	5,341,956	(2,091,785)	-	-	(873,827)	(58,819)	(3,024,431)	2,317,525
It equipment	1,029,436	568,859	(13,099)	-	-	-	1,585,196	(337,675)	-	-	(399,242)	-	(736,917)	848,279
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	17,361,015	1,580,824	(62,599)	-	-	-	18,879,240	(8,070,040)	-	-	(3,098,853)	(154,989)	(11,323,882)	7,555,358

Phumelela Local Municipality
Phumelela Local Municipality
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Appendix B

Yrly Per.
Sort Rows by Mapping Numbers
June 2013

Analysis of property, plant and equipment as at 30 June 2012
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	85,128,112	-	-	-	-	-	85,128,112	(8,574,898)	-	-	(2,858,299)	(544,500)	(11,977,697)	73,150,415
Infrastructure	451,287,825	1,460,938	-	-	-	32,170,385	484,919,148	(61,209,920)	-	-	(20,480,558)	-	(81,690,478)	403,228,670
Community Assets	14,064,466	4,600,000	-	-	-	-	18,664,466	-	-	-	-	-	-	18,664,466
Heritage assets	2,010	-	-	-	-	-	2,010	-	-	-	-	-	-	2,010
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	17,361,015	1,580,824	(62,599)	-	-	-	18,879,240	(8,070,040)	-	-	(3,098,853)	(154,989)	(11,323,882)	7,555,358
	567,843,428	7,641,762	(62,599)	-	-	32,170,385	607,592,976	(77,854,858)	-	-	(26,437,710)	(699,489)	(104,992,057)	502,600,919
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	22,572	124,799	-	-	-	-	147,371	(7,285)	-	-	(36,487)	-	(43,772)	103,599
	22,572	124,799	-	-	-	-	147,371	(7,285)	-	-	(36,487)	-	(43,772)	103,599
Investment properties														
Investment property	22,437,171	-	-	-	-	-	22,437,171	(1,112,709)	-	-	(556,354)	-	(1,669,063)	20,768,108
	22,437,171	-	-	-	-	-	22,437,171	(1,112,709)	-	-	(556,354)	-	(1,669,063)	20,768,108
Total														
Land and buildings	85,128,112	-	-	-	-	-	85,128,112	(8,574,898)	-	-	(2,858,299)	(544,500)	(11,977,697)	73,150,415
Infrastructure	451,287,825	1,460,938	-	-	-	32,170,385	484,919,148	(61,209,920)	-	-	(20,480,558)	-	(81,690,478)	403,228,670
Community Assets	14,064,466	4,600,000	-	-	-	-	18,664,466	-	-	-	-	-	-	18,664,466
Heritage assets	2,010	-	-	-	-	-	2,010	-	-	-	-	-	-	2,010
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	17,361,015	1,580,824	(62,599)	-	-	-	18,879,240	(8,070,040)	-	-	(3,098,853)	(154,989)	(11,323,882)	7,555,358
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	22,572	124,799	-	-	-	-	147,371	(7,285)	-	-	(36,487)	-	(43,772)	103,599
Investment properties	22,437,171	-	-	-	-	-	22,437,171	(1,112,709)	-	-	(556,354)	-	(1,669,063)	20,768,108
	590,303,171	7,766,561	(62,599)	-	-	32,170,385	630,177,518	(78,974,852)	-	-	(27,030,551)	(699,489)	(106,704,892)	523,472,626

Appendix D

June 2013

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

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
675,599	16,184,091	(15,508,492)	Executive & Council/Mayor and Council	-	4,560,802	(4,560,802)
78,433,895	30,144,119	48,289,776	Finance & Admin/Finance	66,856,564	23,720,963	43,135,601
16,534	27,656	(11,122)	Planning and Development/Economic Development/Plan	26,630,869	14,105,787	12,525,082
74,900	6,000	68,900	Health/Clinics	-	20,170	(20,170)
661,068	1,987,314	(1,326,246)	Comm. & Social/Libraries and archives	162,935	2,319,764	(2,156,829)
-	-	-	Housing	-	-	-
95,980	544,745	(448,765)	Public Safety/Police	99,920	719,763	(619,843)
-	1,304,559	(1,304,559)	Sport and Recreation	-	1,103,023	(1,103,023)
-	-	-	Environmental Protection/Pollution Control	-	-	-
12,946,893	10,732,323	2,214,570	Waste Water Management/Sewerage	7,120,209	6,047,329	1,072,880
-	37,198,765	(37,198,765)	Road Transport/Roads	-	1,741,956	(1,741,956)
9,745,610	9,092,153	653,457	Water/Water Distribution	5,059,063	9,922,269	(4,863,206)
13,977,391	14,007,950	(30,559)	Electricity /Electricity Distribution	9,862,602	16,911,488	(7,048,886)
-	-	-	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
116,627,870	121,229,675	(4,601,805)		115,792,162	81,173,314	34,618,848
Municipal Owned Entities						
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
Other charges						
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
116,627,870	121,229,675	(4,601,805)	Municipality	115,792,162	81,173,314	34,618,848
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Appendix D

June 2013

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

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
116,627,870	121,229,675	(4,601,805)	Total	115,792,162	81,173,314	34,618,848

Appendix E(1)

June 2013

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

	Forecast # 1 2013 Act. Bal.	Forecast # 1 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	489,675	2,838,200	(2,348,525)	(82.7)	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	7,482,667	6,123,178	1,359,489	22.2	
Service charges	22,592,369	30,277,963	(7,685,594)	(25.4)	
Govrnenment Grants and Subsidies	119,923,319	59,300,000	60,623,319	102.2	
Fines	107,650	208,500	(100,850)	(48.4)	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	-	-	-	-	
Interest received (trading)	3,539,175	3,246,249	292,926	9.0	
Dividends received	-	-	-	-	
Income from agency services	-	-	-	-	
Interest received Investment	669,740	653,100	16,640	2.5	
Rental of facilities and equipment	601,958	1,749,958	(1,148,000)	(65.6)	
Licences and permits	16,977	17,400	(423)	(2.4)	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Financial intruments - Fee income	-	-	-	-	
Other income - (rollup)	-	-	-	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	-	-	-	-	
Interest received - investment	-	-	-	-	

Appendix E(1)

June 2013

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

	Forecast # 1 2013 Act. Bal.	Forecast # 1 2013 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Interest received - other	-	-	-	-
Dividends received	-	-	-	-
	155,423,530	104,414,548	51,008,982	48.9
Expenses				
Personnel	(47,366,977)	(40,375,560)	(6,991,417)	17.3
Manufacturing - Employee costs	-	-	-	-
Remuneration of councillors	(4,447,485)	(4,427,266)	(20,219)	0.5
Administration	-	-	-	-
Transfer payments	-	-	-	-
Depreciation and Amortisation	(29,557,285)	(4,179,000)	(25,378,285)	607.3
Impairment	-	-	-	-
Amortisation	-	-	-	-
Impairments	-	-	-	-
Reversal of impairments	(1,347)	-	(1,347)	-
Finance costs	(2,700,382)	(512,200)	(2,188,182)	427.2
Debt impairment	(16,518,150)	(3,130,300)	(13,387,850)	427.7
Collection costs	-	-	-	-
Repairs and maintenance	(12,784,585)	(11,160,068)	(1,624,517)	14.6
- Manufacturing expenses	-	-	-	-
Repairs and maintenance	-	-	-	-
- General	-	-	-	-
Repairs and maintenance	-	-	-	-
- General	-	-	-	-
Bulk purchases	(12,032,124)	(15,505,600)	3,473,476	(22.4)
Contracted Services	(3,977,925)	(3,361,700)	(616,225)	18.3
Grants and subsidies paid	(2,286,939)	(2,300,000)	13,061	(0.6)
Cost of housing sold	-	-	-	-
General Expenses	(19,290,114)	(19,459,579)	169,465	(0.9)
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
	(150,963,313)	(104,411,273)	(46,552,040)	44.6
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	-	-	-	-
Gain or loss on exchange differences	-	-	-	-
Fair value adjustments	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-
Income from equity accounted investments	-	-	-	-

Appendix E(1)

June 2013

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

	Forecast # 1 2013 Act. Bal.	Forecast # 1 2013 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-
Taxation	-	-	-	-
Discontinued operations	-	-	-	-
	-	-	-	-
Net surplus/ (deficit) for the year	4,460,217	3,275	4,456,942	,089.8

Appendix E(2)

June 2013

Budget Analysis of Capital Expenditure as at 30 June 2013

	Additions	Revised	Variance	Variance	Explanation of significant
	Rand	Budget	Rand	%	variances from budget
		Rand			
Municipality					
Executive & Council/Mayor and Council	-	1,984,751	1,984,751	100	
Finance & Admin/Finance	-	-	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	
Health/Clinics	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	
Housing	-	-	-	-	
Public Safety/Police	-	850,000	850,000	100	
Sport and Recreation	-	4,042,487	4,042,487	100	
Environmental Protection/Pollution Control	-	-	-	-	
Waste Management	-	1,500,000	1,500,000	100	
Road Transport/Roads	-	3,907,443	3,907,443	100	
Water/Water Distribution	-	9,625,100	9,625,100	100	
Electricity /Electricity Distribution	-	4,500,000	4,500,000	100	
Other/Air Transport	-	-	-	-	
Waste Water Management	-	0,274,557	0,274,557	100	
	-	-	-	-	
	-	-	-	-	
	-	6,684,338	6,684,338	100	
Municipal Owned Entities					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	113,900	-	(113,900)	-	
Other charges					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2013

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure						Grants and Subsidies	
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep
Financial management	National government	-	1,500,000	-	-	-	-	51,314	86,494	909,206	452,986	-	-
Equitable share	National government	-	-	18,325,000	14,364,000	23,350,000	-	-	18,325,000	14,364,000	23,350,000	-	-
Municipal system improvement	National government	-	800,000	-	-	-	-	-	641,658	11,000	147,342	-	-
Municipal infrastructure	National government	-	7,251,000	10,455,760	10,777,029	-	-	4,191,906	7,831,268	7,068,913	9,391,702	-	-
INEG	National government	-	3,000,000	-	-	-	-	1,278,819	1,056,824	799,113	-	-	-
DWAF	National government	-	3,723,498	18,846,505	8,462,396	-	-	3,272,078	14,046,489	13,713,832	-	-	-
		-	16,274,498	47,627,265	33,603,425	23,350,000	-	8,794,117	41,987,733	36,866,064	33,342,030	-	-

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

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

	2013/2012								2012/2011						
	Original Budget	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	69,761,978	69,009,778	138,771,756	-		138,771,756	66,856,564		(71,915,192)	48 %	96 %				82,821,404
Executive and council	760,000	-	760,000	-		760,000	-		(760,000)	- %	- %				860,366
Budget and treasury office	66,469,978	66,477,778	132,947,756	-		132,947,756	66,856,564		(66,091,192)	50 %	101 %				79,045,243
Corporate services	2,532,000	2,532,000	5,064,000	-		5,064,000	-		(5,064,000)	- %	- %				2,915,795
Community and public safety	360,000	367,500	727,500	-		727,500	262,855		(464,645)	36 %	73 %				1,413,921
Library	1,000	8,500	9,500	-		9,500	-		(9,500)	- %	- %				520,624
Cemetery	159,000	159,000	318,000	-		318,000	-		(318,000)	- %	- %				722,417
Public safety	200,000	200,000	400,000	-		400,000	99,920		(300,080)	25 %	50 %				95,980
Public Works	-	-	-	-		-	162,935		162,935	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				74,900
Economic and environmental services	1,787,600	1,765,900	3,553,500	-		3,553,500	26,630,869		23,077,369	749 %	1,490 %				2,361,813
Planning and development	18,000	9,000	27,000	-		27,000	26,630,869		26,603,869	98,633 %	147,949 %				35,414
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				36,000
Property Services	1,769,600	1,756,900	3,526,500	-		3,526,500	-		(3,526,500)	- %	- %				2,290,399
Trading services	31,704,169	33,280,368	64,984,537	-		64,984,537	22,041,874		(42,942,663)	34 %	70 %				38,549,388
Electricity	7,158,669	7,534,782	14,693,451	-		14,693,451	9,862,602		(4,830,849)	67 %	138 %				13,977,390
Water	12,048,500	12,089,180	24,137,680	-		24,137,680	5,059,063		(19,078,617)	21 %	42 %				9,745,610
Waste water management	6,292,000	6,610,157	12,902,157	-		12,902,157	7,120,209		(5,781,948)	55 %	113 %				7,846,071
Waste management	6,205,000	7,046,249	13,251,249	-		13,251,249	-		(13,251,249)	- %	- %				6,980,317
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Standard	103,613,747	104,423,546	208,037,293	-		208,037,293	115,792,162		(92,245,131)	56 %	112 %				125,146,526

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

	2013/2012								2012/2011						
	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 (i.t.o. s28 and s31 of the MFMA)	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	50,232,300	48,758,847	98,991,147	-	-	98,991,147	28,281,765	-	(70,709,382)	29 %	56 %	-	-	-	47,069,833
Executive and council	12,259,000	11,523,402	23,782,402	-	-	23,782,402	4,560,802	-	(19,221,600)	19 %	37 %	-	-	-	9,099,753
Budget and treasury office	32,619,500	32,653,419	65,272,919	-	-	65,272,919	23,720,963	-	(41,551,956)	36 %	73 %	-	-	-	34,321,102
Corporate services	5,353,800	4,582,026	9,935,826	-	-	9,935,826	-	-	(9,935,826)	- %	- %	-	-	-	3,648,978
Community and public safety	4,725,400	4,114,004	8,839,404	-	-	8,839,404	4,162,720	-	(4,676,684)	47 %	88 %	-	-	-	4,078,487
Library	1,257,700	1,132,851	2,390,551	-	-	2,390,551	-	-	(2,390,551)	- %	- %	-	-	-	911,312
Cemetery	1,117,000	1,183,234	2,300,234	-	-	2,300,234	-	-	(2,300,234)	- %	- %	-	-	-	1,209,667
Public safety	563,000	596,676	1,159,676	-	-	1,159,676	3,039,527	-	1,879,851	262 %	540 %	-	-	-	547,341
Sport and recreation	1,675,800	1,169,643	2,845,443	-	-	2,845,443	1,103,023	-	(1,742,420)	39 %	66 %	-	-	-	1,404,167
Health	111,900	31,600	143,500	-	-	143,500	20,170	-	(123,330)	14 %	18 %	-	-	-	6,000
Economic and environmental services	5,269,801	4,710,491	9,980,292	-	-	9,980,292	15,847,743	-	5,867,451	159 %	301 %	-	-	-	29,227,206
Planning and development	1,116,501	1,552,364	2,668,865	-	-	2,668,865	14,105,787	-	11,436,922	529 %	1,263 %	-	-	-	27,093,313
Road transport	3,000,000	2,200,000	5,200,000	-	-	5,200,000	1,741,956	-	(3,458,044)	33 %	58 %	-	-	-	1,078,956
Property Services	1,153,300	958,127	2,111,427	-	-	2,111,427	-	-	(2,111,427)	- %	- %	-	-	-	1,054,937
Trading services	43,103,113	46,838,232	89,941,345	-	-	89,941,345	32,881,086	-	(57,060,259)	37 %	76 %	-	-	-	35,351,131
Electricity	17,450,800	18,445,000	35,895,800	-	-	35,895,800	16,911,488	-	(18,984,312)	47 %	97 %	-	-	-	14,007,950
Water	8,891,000	10,206,371	19,097,371	-	-	19,097,371	9,922,269	-	(9,175,102)	52 %	112 %	-	-	-	9,203,864
Waste water management	9,661,600	11,219,759	20,881,359	-	-	20,881,359	6,047,329	-	(14,834,030)	29 %	63 %	-	-	-	6,863,317
Waste management	7,099,713	6,967,102	14,066,815	-	-	14,066,815	-	-	(14,066,815)	- %	- %	-	-	-	5,276,000
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	103,330,614	104,421,574	207,752,188	-	-	207,752,188	81,173,314	-	(126,578,874)	39 %	79 %	-	-	-	115,726,657
Surplus/(Deficit) for the year	283,133	1,972	285,105	-	-	285,105	34,618,848	-	34,333,743	12,142 %	12,227 %	-	-	-	9,419,869

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

	2013/2012									2012/2011					
	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote															
Vote 1 - Council and Executive	12,259,000	11,523,402	23,782,402	-		23,782,402	-		(23,782,402)	- %	- %				675,599
Vote 2 - Financial and Admin Service	39,126,600	38,193,572	77,320,172	-		77,320,172	66,856,564		(10,463,608)	86 %	171 %				78,433,895
Vote 3 - Planning and Development	1,115,000	1,552,364	2,667,364	-		2,667,364	26,630,869		23,963,505	998 %	2,388 %				16,534
Vote 4 - Health	111,900	31,600	143,500	-		143,500	-		(143,500)	- %	- %				74,900
Vote 5 - Community and Social Services	2,374,700	2,316,085	4,690,785	-		4,690,785	162,935		(4,527,850)	3 %	7 %				661,068
Vote 6 - Public Safety	563,000	596,976	1,159,976	-		1,159,976	99,920		(1,060,056)	9 %	18 %				95,980
Vote 7 - Sports and Recreation	1,675,800	1,169,643	2,845,443	-		2,845,443	-		(2,845,443)	- %	- %				-
Vote 8 - Waste management	7,101,213	6,967,102	14,068,315	-		14,068,315	-		(14,068,315)	- %	- %				-
Vote 9 - Waste water management	9,661,600	11,219,759	20,881,359	-		20,881,359	7,120,209		(13,761,150)	34 %	74 %				12,946,893
Vote10 - Road Transport	3,000,000	2,200,000	5,200,000	-		5,200,000	-		(5,200,000)	- %	- %				9,745,610
Vote 11 - Water	8,891,000	10,206,371	19,097,371	-		19,097,371	5,059,063		(14,038,308)	26 %	57 %				13,977,391
Vote 12 - Electricity	17,450,800	18,445,000	35,895,800	-		35,895,800	9,862,602		(26,033,198)	27 %	57 %				-
Vote 13 -	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 14 - Vote14	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 15 - Vote15	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue by Vote	103,330,613	104,421,874	207,752,487	-		207,752,487	115,792,162		(91,960,325)	56 %	112 %				116,627,870
Expenditure by Vote to be appropriated															
Vote 1 - Council and Executive	12,259,000	(735,598)	11,523,402	-	-	11,523,402	4,560,802	-	(6,962,600)	40 %	37 %	-	-	-	16,184,091
Vote 2 - Financial and Admin Service	39,126,600	(933,028)	38,193,572	-	-	38,193,572	23,720,963	-	(14,472,609)	62 %	61 %	-	-	-	30,144,119
Vote 3 - Planning and Development	1,115,000	437,364	1,552,364	-	-	1,552,364	14,105,787	-	12,553,423	909 %	1,265 %	-	-	-	27,656
Vote 4 - Health	111,900	(80,300)	31,600	-	-	31,600	20,170	-	(11,430)	64 %	18 %	-	-	-	6,000
Vote 5 - Community and Social Services	2,374,700	(58,615)	2,316,085	-	-	2,316,085	2,319,764	-	3,679	100 %	98 %	-	-	-	1,987,314
Vote 6 - Public Safety	563,000	33,976	596,976	-	-	596,976	719,763	-	122,787	121 %	128 %	-	-	-	544,745
Vote 7 - Sports and Recreation	1,675,800	(506,157)	1,169,643	-	-	1,169,643	1,103,023	-	(66,620)	94 %	66 %	-	-	-	1,304,559
Vote 8 - Waste management	7,101,213	(134,111)	6,967,102	-	-	6,967,102	-	-	(6,967,102)	- %	- %	-	-	-	-
Vote 9 - Waste water management	9,661,600	1,558,159	11,219,759	-	-	11,219,759	6,047,329	-	(5,172,430)	54 %	63 %	-	-	-	10,732,323
Vote10 - Road Transport	3,000,000	(800,000)	2,200,000	-	-	2,200,000	1,741,956	-	(458,044)	79 %	58 %	-	-	-	37,198,765
Vote 11 - Water	8,891,000	1,315,371	10,206,371	-	-	10,206,371	9,922,269	-	(284,102)	97 %	112 %	-	-	-	9,092,153
Vote 12 - Electricity	17,450,800	994,200	18,445,000	-	-	18,445,000	16,911,488	-	(1,533,512)	92 %	97 %	-	-	-	14,007,950
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure by Vote	103,330,613	1,091,261	104,421,874	-	-	104,421,874	81,173,314	-	(23,248,560)	78 %	79 %	-	-	-	121,229,675
Surplus/(Deficit) for the year	-	103,330,613	103,330,613	-		103,330,613	34,618,848		(68,711,765)	34 %	DIV/0 %				(4,601,805)

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

	2013/2012							2012/2011							
	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates	5,705,978	6,123,178	11,829,156	-		11,829,156	7,482,667		(4,346,489)	63 %	131 %				6,075,667
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	6,626,670	7,170,183	13,796,853	-		13,796,853	6,797,406		(6,999,447)	49 %	103 %				6,506,404
Service charges - water revenue	11,342,500	11,329,980	22,672,480	-		22,672,480	4,165,825		(18,506,655)	18 %	37 %				7,247,337
Service charges - sanitation revenue	5,480,000	5,624,600	11,104,600	-		11,104,600	5,642,232		(5,462,368)	51 %	103 %				5,170,670
Service charges - refuse revenue	5,310,000	5,981,700	11,291,700	-		11,291,700	5,986,905		(5,304,795)	53 %	113 %				5,053,897
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	1,769,600	1,751,158	3,520,758	-		3,520,758	1,263,990		(2,256,768)	36 %	71 %				1,298,625
Interest earned - external investments	650,000	653,100	1,303,100	-		1,303,100	669,740		(633,360)	51 %	103 %				40,603
Interest earned - outstanding debtors	2,879,000	3,246,249	6,125,249	-		6,125,249	3,539,175		(2,586,074)	58 %	123 %				2,697,179
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	201,000	208,500	409,500	-		409,500	107,650		(301,850)	26 %	54 %				96,048
Licences and permits	43,000	17,400	60,400	-		60,400	16,978		(43,422)	28 %	39 %				28,948
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	60,433,000	59,300,000	119,733,000	-		119,733,000	87,781,399		(31,951,601)	73 %	145 %				81,843,831
Other revenue	3,173,000	3,017,500	6,190,500	-		6,190,500	489,675		(5,700,825)	8 %	15 %				7,204,396
Gains on disposal of PPE	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	103,613,748	104,423,548	208,037,296	-		208,037,296	123,943,642		(84,093,654)	60 %	120 %				123,263,605

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

	2013/2012									2012/2011					
	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type															
Employee related costs	(35,016,100)	(39,624,806)	(74,640,906)	-	-	(74,640,906)	(42,493,851)	-	32,147,055	57 %	121 %	-	-	-	(28,199,933)
Remuneration of councillors	(4,282,600)	(4,061,267)	(8,343,867)	-	-	(8,343,867)	(4,560,802)	-	3,783,065	55 %	106 %	-	-	-	(4,221,220)
Debt impairment	(5,265,614)	(3,130,300)	(8,395,914)	-	-	(8,395,914)	-	-	8,395,914	- %	- %	-	-	-	(20,011,622)
Depreciation & asset impairment	(4,179,000)	(4,179,000)	(8,358,000)	-	-	(8,358,000)	(58,952)	-	8,299,048	1 %	1 %	-	-	-	(17,082,377)
Finance charges	(483,000)	(512,200)	(995,200)	-	-	(995,200)	(2,700,382)	-	(1,705,182)	271 %	559 %	-	-	-	(468,203)
Bulk purchases	(15,541,300)	(15,505,600)	(31,046,900)	-	-	(31,046,900)	(12,032,134)	-	19,014,766	39 %	77 %	-	-	-	(16,106,106)
Other materials	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	(1,971,000)	(3,078,100)	(5,049,100)	-	-	(5,049,100)	(3,872,308)	-	1,176,792	77 %	196 %	-	-	-	(2,469,803)
Transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	(2,282,415)
Other expenditure	(36,592,000)	(34,330,602)	(70,922,602)	-	-	(70,922,602)	(19,709,852)	-	51,212,750	28 %	54 %	-	-	-	(23,002,057)
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure	(103,330,614)	(104,421,875)	(207,752,489)	-	-	(207,752,489)	(85,428,281)	-	122,324,208	41 %	83 %	-	-	-	(113,843,736)
Surplus/(Deficit)	206,944,362	208,845,423	415,789,785	-	-	415,789,785	209,371,923	-	(206,417,862)	50 %	101 %	-	-	-	237,107,341
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributed assets	86,684,338	86,684,338	173,368,676	-	-	173,368,676	-	-	(173,368,676)	- %	- %	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	293,628,700	295,529,761	589,158,461	-	-	589,158,461	209,371,923	-	(379,786,538)	36 %	71 %	-	-	-	237,107,341
Taxation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after taxation	293,628,700	295,529,761	589,158,461	-	-	589,158,461	209,371,923	-	(379,786,538)	36 %	71 %	-	-	-	237,107,341
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) attributable to municipality	293,628,700	295,529,761	589,158,461	-	-	589,158,461	209,371,923	-	(379,786,538)	36 %	71 %	-	-	-	237,107,341
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) for the year	293,628,700	295,529,761	589,158,461	-	-	589,158,461	209,371,923	-	(379,786,538)	36 %	71 %	-	-	-	237,107,341

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

	2013/2012									2012/2011					
	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
Vote 1 - Council And Executive	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 2 - Financial And Administration Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 3 - Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 4 - Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 5 - Community and Social Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 7 - Sport and Recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 8 - Waste Management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 9 - Waste Water Management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 10 - Road Transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 11 - Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 12 - Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Single-year expenditure															
Vote 1 - Council And Executive	1,984,751	1,984,751	3,969,502	-	-	3,969,502	-	-	(3,969,502)	- %	- %	-	-	-	-
Vote 2 - Financial And Administration Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 3 - Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 4 - Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 5 - Community and Social Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 6 - Public Safety	850,000	850,000	1,700,000	-	-	1,700,000	-	-	(1,700,000)	- %	- %	-	-	-	-
Vote 7 - Sport and Recreation	4,042,487	4,042,487	8,084,974	-	-	8,084,974	-	-	(8,084,974)	- %	- %	-	-	-	-
Vote 8 - Waste Management	1,500,000	1,500,000	3,000,000	-	-	3,000,000	-	-	(3,000,000)	- %	- %	-	-	-	-
Vote 9 - Waste Water Management	20,274,557	20,274,557	40,549,114	-	-	40,549,114	-	-	(40,549,114)	- %	- %	-	-	-	-
Vote 10 - Road Transport	3,907,443	3,907,443	7,814,886	-	-	7,814,886	-	-	(7,814,886)	- %	- %	-	-	-	-
Vote 11 - Water	49,625,100	49,625,100	99,250,200	-	-	99,250,200	-	-	(99,250,200)	- %	- %	-	-	-	-
Vote 12 - Electricity	4,500,000	4,500,000	9,000,000	-	-	9,000,000	-	-	(9,000,000)	- %	- %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	86,684,338	86,684,338	173,368,676	-	-	173,368,676	-	-	(173,368,676)	- %	- %	-	-	-	-
Total Capital Expenditure - Vote	86,684,338	86,684,338	173,368,676	-	-	173,368,676	-	-	(173,368,676)	- %	- %	-	-	-	-

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

	2013/2012									2012/2011					
	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Funded by:															
National Government	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Provincial Government	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Funding	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-

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

2013/2012

2012

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	36,347,064	36,783,763	73,130,827	73,130,827	6,036,530	(67,094,297)	8 %	17 %	40,524,057
Government - operating	60,433,000	60,803,000	121,236,000	121,236,000	118,995,399	(2,240,601)	98 %	197 %	76,306,000
Government - capital	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Interest	650,000	653,100	1,303,100	1,303,100	669,740	(633,360)	51 %	103 %	40,630
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	(93,403,000)	(94,465,061)	(187,868,061)	(187,868,061)	(71,682,737)	116,185,324	38 %	77 %	(77,718,001)
Finance charges	(483,000)	(512,200)	(995,200)	(995,200)	(2,700,382)	(1,705,182)	271 %	559 %	(1,973,489)
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	3,544,064	3,262,602	6,806,666	6,806,666	51,318,550	44,511,884	754 %	1,448 %	37,179,197
Cash flow from investing activities									
Receipts									
Purchase of Property, plant and equipment and Intangible assets	-	-	-	-	(66,990,725)	(66,990,725)	DIV/0 %	DIV/0 %	(39,936,946)
Proceeds from sale of property, plant and equipment	-	-	-	-	-	-	DIV/0 %	DIV/0 %	62,599
Recognition of assets : Implementation of GRAP 17	-	-	-	-	(4,585,963)	(4,585,963)	DIV/0 %	DIV/0 %	6,148,308
Proceeds from sale of financial assets	-	-	-	-	129,149	129,149	DIV/0 %	DIV/0 %	212,824
Payments									
Capital assets	(3,068,338)	(3,068,338)	(6,136,676)	(6,136,676)	-	6,136,676	- %	- %	-
Net cash flow from/used investing activities	(3,068,338)	(3,068,338)	(6,136,676)	(6,136,676)	(71,447,539)	(65,310,863)	1,164 %	2,329 %	(33,513,215)
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of borrowing/Finance lease	(918,000)	(918,000)	(1,836,000)	(1,836,000)	2,548,573	4,384,573	(139)%	(278)%	(427,434)
Net cash flow from/used financing activities	(918,000)	(918,000)	(1,836,000)	(1,836,000)	2,548,573	4,384,573	(139)%	(278)%	(427,434)
Net increase/(decrease) in cash held	(442,274)	(723,736)	(1,166,010)	(1,166,010)	(17,580,416)	(16,414,406)	1,508 %	3,975 %	3,238,548
Cash/cash equivalents at the year begin:									3,332,634
Cash/cash equivalents at the year end:	(442,274)	(723,736)	(1,166,010)	(1,166,010)	(17,580,416)	(16,414,406)	1,508 %	3,975 %	