



Emadlangeni Municipality
Annual Financial Statements
for the year ended 30 June 2014

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Legal form of entity	Municipality
Nature of business and principal activities	Local Authority
Councillors	
Mayor	Councillor J.G. Zikhali
Councillors	Councillor B.M. Phengane Councillor M.A. Gama Councillor P. Collins Councillor S.O. Nkomonde Councillor T.V. Buthelezi Councillor V.C. Ndlovu
Grading of local authority	Grade 1
Chief Finance Officer (CFO)	W. Mtusva (Acting)
Accounting Officer	G.P.N Ntshangase
Registered office	34 Voor Street Utrecht 2980
Business address	34 Voor Street Utrecht 2980
Postal address	PO Box 11 Utrecht Kwa-zulu Natal 2980
Bankers	Standard Bank of South Africa Newcastle
Auditors	Auditor General
Attorneys	PKX Attorneys

Emadlangeni Municipality

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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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 annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the council has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is 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 annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented separately.

I also certify that salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office as disclosed in the financial statements below are within the upper limits of the Framework envisaged in Section 219 of the Constitution, read in conjunction with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 4 to 52, which have been prepared on the going concern basis, were approved by the accounting officer on 29 August 2014 were signed by:

G.P.N Ntshangase
Municipal Manager

Emadlangeni Municipality

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Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	10	55 114	55 114
Consumer debtors	11	8 824 946	4 362 795
Financial asset- investments	9	17 908 438	23 817 147
Cash and cash equivalents	12	8 015 286	4 505 791
		34 803 784	32 740 847
Non-Current Assets			
Investment property	3	44 431 880	45 724 988
Property, plant and equipment	4	55 697 623	45 657 451
Intangible assets	5	117 778	259 515
Heritage assets	6	1 490 001	1 490 001
		101 737 282	93 131 955
Total Assets		136 541 066	125 872 802
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	4 979 957	3 334 991
VAT payable	17	1 035 480	1 578 596
Consumer deposits	19	150 094	143 612
Unspent conditional grants and receipts	13	4 745 477	11 561 950
Provisions	14	1 390 929	965 713
Current portion of the long term loan	15	124 511	45 239
		12 426 448	17 630 101
Non-Current Liabilities			
Provisions	14	7 165 593	6 721 418
Long term loan	15	863 441	913 725
		8 029 034	7 635 143
Total Liabilities		20 455 482	25 265 244
Net Assets		116 085 584	100 607 558
Accumulated surplus		116 085 584	100 607 558

* See Note 37

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	12 934 177	11 729 620
Rental of facilities and equipment		981 554	1 033 055
Licences and permits		1 096 783	1 247 854
Other income		2 056 143	957 848
Interest received - investment	27	1 292 905	864 499
Total revenue from exchange transactions		18 361 562	15 832 876
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	12 558 758	10 254 618
Property rates - penalties imposed	21	1 533 958	1 643 892
Transfer revenue			
Government grants & subsidies	23	35 066 474	24 374 369
Fines		57 431	97 068
Total revenue from non-exchange transactions		49 216 621	36 369 947
Total revenue	20	67 578 183	52 202 823
Expenditure			
Employee related costs	25	(14 951 662)	(14 003 985)
Remuneration of councillors	26	(1 755 448)	(1 690 597)
Depreciation and amortisation	28	(5 760 693)	(4 716 288)
Impairment loss	29	(370 250)	-
Finance costs		(102 872)	(107 956)
Debt impairment		(1 913 636)	(2 111 011)
Repairs and maintenance		(1 583 107)	(1 129 728)
Bulk purchases	32	(8 321 427)	(8 412 121)
Contracted services		(987 425)	(1 229 255)
Grants expenses		(6 800 850)	(2 831 187)
Loss on disposal of assets		-	(27)
General Expenses	24	(9 552 787)	(7 450 313)
Total expenditure		(52 100 157)	(43 682 468)
Surplus for the year		15 478 026	8 520 355

* See Note 37

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2012 (restated)	91 998 027	91 998 027
Changes in net assets		
Additional assets identified	135 981	135 981
Correction of investment property	(25 000)	(25 000)
Correction of error - Depreciation and impairment	(21 805)	(21 805)
Net income recognised directly in net assets	89 176	89 176
Surplus for the year	8 520 355	8 520 355
Total changes	8 609 531	8 609 531
Restated* Balance at 01 July 2013	100 607 558	100 607 558
Changes in net assets		
Surplus for the year	15 478 026	15 478 026
Total changes	15 478 026	15 478 026
Balance at 30 June 2014	116 085 584	116 085 584

* See Note 37

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement Of Cash Flows

Figures in Rand	Note(s)	2014	2013 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		22 634 315	21 135 353
Grants		28 250 000	27 167 000
Interest income		1 292 905	864 499
Other receipts		3 230 277	2 224 295
		<u>55 407 497</u>	<u>51 391 147</u>
Payments			
Employee costs		(17 132 326)	(15 782 303)
Suppliers		(19 283 968)	(17 152 380)
Finance costs		(102 872)	(107 956)
Grant expenditure		(6 800 850)	(2 831 187)
		<u>(43 320 016)</u>	<u>(35 873 826)</u>
Net cash flows from operating activities	33	<u>12 087 481</u>	<u>15 517 321</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(15 131 397)	(8 087 293)
Proceeds from sale of property, plant and equipment		615 714	-
Purchase of investment property	3	-	(17 314)
Proceeds from sale of financial asset - investments		5 908 709	(8 553 941)
		<u>(8 606 974)</u>	<u>(16 658 548)</u>
Cash flows from financing activities			
Movement in DBSA loan		28 988	(40 687)
		<u>28 988</u>	<u>(40 687)</u>
Net increase/(decrease) in cash and cash equivalents		<u>3 509 495</u>	<u>(1 181 914)</u>
Cash and cash equivalents at the beginning of the year		4 505 791	5 687 705
Cash and cash equivalents at the end of the year	12	<u>8 015 286</u>	<u>4 505 791</u>

* See Note 37

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue	59 949 000	6 391 000	66 340 000	67 578 183	1 238 183	
Expenditure						
Employee Costs	(19 709 000)	3 592 000	(16 117 000)	(14 951 662)	1 165 338	
Remuneration of councillors	(1 794 000)	(73 000)	(1 867 000)	(1 755 448)	111 552	
Depreciation and amortisation	(6 578 000)	-	(6 578 000)	(5 760 693)	817 307	
Impairment loss/ Reversal of impairments	-	-	-	(370 250)	(370 250)	
Finance costs	(150 000)	45 000	(105 000)	(102 872)	2 128	
Debt impairment	(1 000 000)	(1 000 000)	(2 000 000)	(1 913 636)	86 364	
Repairs and maintenance	-	-	-	(1 583 107)	(1 583 107)	
Bulk purchases	(10 211 000)	-	(10 211 000)	(8 321 427)	1 889 573	
Contracted Services	(100 000)	(1 172 000)	(1 272 000)	(987 425)	284 575	
General Expenses	(17 067 000)	(6 577 000)	(23 644 000)	(16 353 637)	7 290 363	
Total expenditure	(56 609 000)	(5 185 000)	(61 794 000)	(52 100 157)	9 693 843	
Surplus before taxation	3 340 000	1 206 000	4 546 000	15 478 026	10 932 026	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	3 340 000	1 206 000	4 546 000	15 478 026	10 932 026	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	-	-	-	55 114	55 114	
Consumer debtors	7 896 000	(1 000 000)	6 896 000	8 824 946	1 928 946	
Financial asset- investments	17 815 000	(8 000 000)	9 815 000	17 908 438	8 093 438	
Cash and cash equivalents	3 000 000	-	3 000 000	8 015 286	5 015 286	
	28 711 000	(9 000 000)	19 711 000	34 803 784	15 092 784	
Non-Current Assets						
Investment property	44 302 000	-	44 302 000	44 431 880	129 880	
Property, plant and equipment	54 536 000	-	54 536 000	55 697 623	1 161 623	
Intangible assets	119 000	-	119 000	117 778	(1 222)	
Heritage assets	61 000	-	61 000	1 490 001	1 429 001	
	99 018 000	-	99 018 000	101 737 282	2 719 282	
Total Assets	127 729 000	(9 000 000)	118 729 000	136 541 066	17 812 066	
Liabilities						
Current Liabilities						
Payables from exchange transactions	11 411 000	(10 160 000)	1 251 000	4 979 957	3 728 957	
VAT payable	-	-	-	1 035 480	1 035 480	
Consumer deposits	177 000	-	177 000	150 094	(26 906)	
Unspent conditional grants and receipts	-	-	-	4 745 477	4 745 477	
Provisions	1 395 000	-	1 395 000	1 390 929	(4 071)	
Current portion of the long term loan	40 000	-	40 000	124 511	84 511	
	13 023 000	(10 160 000)	2 863 000	12 426 448	9 563 448	
Non-Current Liabilities						
Provisions	7 023 000	-	7 023 000	7 165 593	142 593	
Long term loan	900 000	-	900 000	863 441	(36 559)	
	7 923 000	-	7 923 000	8 029 034	106 034	
Total Liabilities	20 946 000	(10 160 000)	10 786 000	20 455 482	9 669 482	
Net Assets	106 783 000	1 160 000	107 943 000	116 085 584	8 142 584	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	106 783 000	1 160 000	107 943 000	116 085 584	8 142 584	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Ratepayers and other	22 785 000	-	22 785 000	22 634 315	(150 685)	
Grants	29 813 000	-	29 813 000	28 250 000	(1 563 000)	
Interest income	-	-	-	1 292 905	1 292 905	
Other Income	917 000	-	917 000	3 230 277	2 313 277	
	53 515 000	-	53 515 000	55 407 497	1 892 497	
Payments						
Suppliers and employee costs	(36 887 000)	(8 000 000)	(44 887 000)	(36 416 294)	8 470 706	
Finance costs	(150 000)	-	(150 000)	(102 872)	47 128	
Grant expenditure	(4 724 000)	-	(4 724 000)	(6 800 850)	(2 076 850)	
	(41 761 000)	(8 000 000)	(49 761 000)	(43 320 016)	6 440 984	
Net cash flows from operating activities	11 754 000	(8 000 000)	3 754 000	12 087 481	8 333 481	
Cash flows from investing activities						
Purchase of property, plant and equipment	-	-	-	(15 131 399)	(15 131 399)	
Proceeds from sale of property, plant and equipment	(9 815 000)	-	(9 815 000)	615 716	10 430 716	
Non-current debtors	140 000	-	140 000	-	(140 000)	
Purchase of financial asset - investments	-	-	-	5 908 709	5 908 709	
Net cash flows from investing activities	(9 675 000)	-	(9 675 000)	(8 606 974)	1 068 026	
Cash flows from financing activities						
Increase (decrease) in consumer deposits	7 000	-	7 000	-	(7 000)	
Payment of borrowings	(40 000)	-	(40 000)	28 988	68 988	
Net cash flows from financing activities	(33 000)	-	(33 000)	28 988	61 988	
Net increase/(decrease) in cash and cash equivalents	2 046 000	(8 000 000)	(5 954 000)	3 509 495	9 463 495	
Cash and cash equivalents at the beginning of the year	18 770 000	-	18 770 000	4 505 791	(14 264 209)	
Cash and cash equivalents at the end of the year	20 816 000	(8 000 000)	12 816 000	8 015 286	(4 800 714)	

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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
2014											
Financial Performance											
Property rates	12 807 000	1 717 000	14 524 000	-	-	14 524 000	14 092 716	-	(431 284)	97 %	110 %
Service charges	13 049 000	-	13 049 000	-	-	13 049 000	12 934 177	-	(114 823)	99 %	99 %
Investment revenue	917 000	100 000	1 017 000	-	-	1 017 000	1 292 905	-	275 905	127 %	141 %
Transfers recognised - operational	19 881 000	4 500 000	24 381 000	-	-	24 381 000	20 668 235	-	(3 712 765)	85 %	104 %
Other own revenue	3 363 000	74 000	3 437 000	-	-	3 437 000	4 191 911	-	754 911	122 %	125 %
Total revenue (excluding capital transfers and contributions)	50 017 000	6 391 000	56 408 000	-	-	56 408 000	53 179 944	-	(3 228 056)	94 %	106 %
Employee costs	(19 709 000)	3 592 000	(16 117 000)	-	-	(16 117 000)	(14 951 662)	-	1 165 338	93 %	76 %
Remuneration of councillors	(1 794 000)	(73 000)	(1 867 000)	-	-	(1 867 000)	(1 755 448)	-	111 552	94 %	98 %
Debt impairment	(1 000 000)	(1 000 000)	(2 000 000)	-	-	(2 000 000)	(1 913 636)	-	86 364	96 %	191 %
Depreciation and asset impairment	(6 578 000)	-	(6 578 000)	-	-	(6 578 000)	(6 130 943)	-	447 057	93 %	93 %
Finance charges	(150 000)	45 000	(105 000)	-	-	(105 000)	(102 872)	-	2 128	98 %	69 %
Materials and bulk purchases	(10 211 000)	-	(10 211 000)	-	-	(10 211 000)	(8 321 427)	-	1 889 573	81 %	81 %
Other expenditure	(17 167 000)	(7 749 000)	(24 916 000)	-	-	(24 916 000)	(18 924 169)	-	5 991 831	76 %	110 %
Total expenditure	(56 609 000)	(5 185 000)	(61 794 000)	-	-	(61 794 000)	(52 100 157)	-	9 693 843	84 %	92 %
Surplus/(Deficit)	(6 592 000)	1 206 000	(5 386 000)	-	-	(5 386 000)	1 079 787	-	6 465 787	(20)%	(16)%

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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	9 932 000	-	9 932 000	-		9 932 000	14 398 239		4 466 239	145 %	145 %
Surplus (Deficit) after capital transfers and contributions	3 340 000	1 206 000	4 546 000	-		4 546 000	15 478 026		10 932 026	340 %	463 %
Surplus/(Deficit) for the year	3 340 000	1 206 000	4 546 000	-		4 546 000	15 478 026		10 932 026	340 %	463 %

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The annual 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, and in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements in conformity with GRAP, management is required to make estimates and assumptions that affect the amounts represented in the annual 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 annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

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

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

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 1.13 - Provisions.

Allowance for doubtful debts

On trade receivables, 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. An impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.3 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.

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.

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Accounting Policies

1.3 Investment property (continued)

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

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

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	indefinite
Property - buildings	2 - 75 years

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.

1.4 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.

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.

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Accounting Policies

1.4 Property, plant and equipment (continued)

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

Item Average useful life

Land	Indefinite
Buildings	10-30 years
Plant and machinery	2-10 years
Furniture and fixtures	2-7 years
Motor vehicles	2-8 years
Office equipment	2-8 years
Infrastructure	2-45 years
Community	2-45 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the statement of financial performance.

Assets under construction

The cost of property, plant and equipment that is under construction as of the reporting date is recognised as an asset if:
(a) it is probable that future economic benefits or service potential associated with the item(s) will flow to the municipality, and
(b) the cost or fair value of the item(s) can be measured reliably.

Assets under construction consists of expenditure for the construction of buildings, certain land improvements, infrastructure assets and networks and any other capital projects that are under construction as of the reporting date. The expenditure comprise direct labour, materials and overheads, if appropriate.

When assets under construction is completed and certificates of completion issued, they are transferred to the appropriate asset class.

Asset under construction are not depreciated as they are not in a condition necessary for it to be capable of operating in a manner intended by management.

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1.5 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. 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, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

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:

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1.6 Intangible assets (continued)

Item	Useful life
Computer software, other	3 - 5 years

Intangible assets are derecognised:

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

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

1.7 Heritage assets

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

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

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

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

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

Impairment

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

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1.7 Heritage assets (continued)

Transfers

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

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

Derecognition

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

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

1.8 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

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Accounting Policies

1.8 Financial instruments (continued)

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Receivables from exchange transactions

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

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

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost, using the effective interest rate method.

Borrowings

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

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1.9 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.

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.

1.10 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.11 Impairment of non-cash-generating assets

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

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

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Accounting Policies

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

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

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

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

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

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

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

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.12 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 an established pattern of past performance.

Defined contribution plans

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

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

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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Accounting Policies

1.13 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating 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.

1.14 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

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1.14 Revenue from exchange transactions (continued)

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

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

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

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

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

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.15 Revenue from non-exchange transactions

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

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

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

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

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

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

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1.15 Revenue from non-exchange transactions (continued)

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.

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.

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.

Transfers

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

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

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

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.

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Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are recognised as revenue and as assets.

1.16 Investment income

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

1.17 Comparative figures

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

1.18 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.

1.19 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.

1.20 Irregular expenditure

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

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

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

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

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

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

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Accounting Policies

1.20 Irregular expenditure (continued)

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.

1.21 Gratuities

The municipality provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

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

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

1.23 Related parties

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

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

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

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

1.24 Going concern assumption

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

1.25 Offsetting

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

Emadlangeni Municipality

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2. New standards and interpretations

2.1 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 2014 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after
• GRAP 105: Transfers of functions between entities under common control	01 April 2014
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014
• GRAP 107: Mergers	01 April 2014
• GRAP 20: Related parties	01 April 2014
• IGRAP 11: Consolidation – Special purpose entities	01 April 2014
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2014
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014
• GRAP32: Service Concession Arrangements: Grantor	01 April 2015
• GRAP108: Statutory Receivables	01 April 2015
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2015

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
 - pool the assets contributed by various entities that are not under common control; and
 - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

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 2013.

The municipality expects to adopt the standard for the first time in the 2014 annual financial statements.

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3. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment Property	51 737 097	(7 305 217)	44 431 880	51 737 097	(6 012 109)	45 724 988

Reconciliation of investment property - 2014

	Opening balance	Impairments	Depreciation	Total
Investment Property	45 724 988	(109 426)	(1 183 682)	44 431 880

Reconciliation of investment property - 2013 - Restated

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Investment Property	46 964 204	17 314	(25 000)	(1 231 530)	45 724 988

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.

Emadlangeni Municipality

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4. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land & Buildings	19 038 943	(6 063 161)	12 975 782	17 907 719	(5 337 722)	12 569 997
Plant and machinery	2 789 619	(823 114)	1 966 505	1 205 038	(725 641)	479 397
Furniture and fixtures	1 519 550	(1 098 758)	420 792	1 587 972	(1 050 785)	537 187
Motor vehicles	2 134 186	(1 299 994)	834 192	3 732 230	(2 221 795)	1 510 435
Office equipment	1 063 708	(671 722)	391 986	1 040 264	(532 350)	507 914
Infrastructure	48 951 389	(25 656 945)	23 294 444	40 416 317	(22 656 902)	17 759 415
Community	4 360 748	(1 367 043)	2 993 705	4 360 748	(1 175 952)	3 184 796
Capital work in progress	12 820 217	-	12 820 217	9 108 310	-	9 108 310
Total	92 678 360	(36 980 737)	55 697 623	79 358 598	(33 701 147)	45 657 451

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land & Buildings	12 569 997	-	(8 303)	1 151 871	-	(735 155)	(2 628)	12 975 782
Plant and machinery	479 397	1 611 970	(2 829)	-	1 754	(123 787)	-	1 966 505
Furniture and fixtures	537 187	92 417	(38 134)	-	3 240	(173 918)	-	420 792
Motor vehicles	1 510 435	-	(351 071)	-	-	(325 172)	-	834 192
Office equipment	507 914	28 161	(482)	-	695	(144 302)	-	391 986
Infrastructure	17 759 415	-	-	8 535 071	-	(2 741 848)	(258 194)	23 294 444
Community	3 184 796	-	-	-	-	(191 091)	-	2 993 705
Capital work in progress	9 108 310	13 398 849	-	(9 686 942)	-	-	-	12 820 217
	45 657 451	15 131 397	(400 819)	-	5 689	(4 435 273)	(260 822)	55 697 623

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Land & Buildings	13 249 420	8 500	-	-	-	(687 923)	12 569 997
Plant and machinery	484 621	33 824	-	-	65 072	(104 120)	479 397
Furniture and fixtures	654 058	9 764	-	-	65 327	(191 962)	537 187
Motor vehicles	1 842 255	-	(27)	-	-	(331 793)	1 510 435
Office equipment	509 353	131 594	-	-	5 582	(138 615)	507 914
Infrastructure	17 789 504	74 116	-	1 617 980	-	(1 722 185)	17 759 415
Community	3 345 607	-	-	-	-	(160 811)	3 184 796
Capital work in progress	2 896 795	7 829 495	-	(1 617 980)	-	-	9 108 310
	40 771 613	8 087 293	(27)	-	135 981	(3 337 409)	45 657 451

Emadlangeni Municipality

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Figures in Rand	2014	2013
4. Property, plant and equipment (continued)		
Reconciliation of Work-in-Progress 2014		
	Included within Other PPE	Total
Opening balance	9 108 310	9 108 310
Addition - Khayaletshu/ Northhill Gravel Road	2 019 659	2 019 659
Addition - Hooggenoeg Gravel Road	1 117 285	1 117 285
Addition - Inkululeko Yomphakathi	716 560	716 560
Addition - Encuba Bridge	573 260	573 260
Addition - Mgundeni Link Access road	2 303 875	2 303 875
Addition - Pension Payout	181 784	181 784
Addition - Fencing MN 19A&B	776 219	776 219
Addition - Fencing MN 19 C& E	776 172	776 172
Addition - Fencing D	375 702	375 702
Addition - Smith Street Upgrade	1 123 200	1 123 200
Addition - Electrification	3 435 135	3 435 135
Transferred to completed assets	(9 686 944)	(9 686 944)
	12 820 217	12 820 217

Reconciliation of Work-in-Progress 2013

	Included within Other PPE	Total
Opening balance	2 896 795	2 896 795
Addition - Khayaletshu/Northhill Gravel Road	3 153 597	3 153 597
Addition-Hooggenoeg Gravel Road	1 502 530	1 502 530
Addition-Inkululeko Yomphakathi Road	988 241	988 241
Addition-Encuba Bridge	434 629	434 629
Addition-Mgundeni Link Access Road	127 002	127 002
Addition-Pension Paypout Point	68 763	68 763
Addition-Ezihlabatini Rural Road	22 547	22 547
Addition-Smith Street Upgrade	1 532 186	1 532 186
Transferred to completed assets	(1 617 980)	(1 617 980)
	9 108 310	9 108 310

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.

5. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	803 342	(685 564)	117 778	803 342	(543 827)	259 515

Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Computer software	259 515	(141 737)	117 778

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5. Intangible assets (continued)

Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Computer software	406 853	(147 338)	259 515

6. Heritage assets

	2014			2013		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	1 490 001	-	1 490 001	1 490 001	-	1 490 001

Reconciliation of heritage assets 2014

	Opening balance	Total
Historical buildings	1 490 001	1 490 001

Reconciliation of heritage assets 2013

	Opening balance	Total
Historical buildings	1 490 001	1 490 001

7. Other financial assets

At amortised cost

Housing debtors

The department of housing provided Emadlangeni Municipality with a loan to finance housing selling scheme undertaken by the municipality, the loan was extinguished on 1 April 1998 and transferred to the Housing Development Fund in terms of the Housing Act No. 107 of 1997. The initial contract states that residents who benefited from the housing scheme will pay a deposit of R300, the capital must be paid to Emadlangeni Municipality with 360 months together with interest of 13.5% per annum. The monthly payments will be determined as 11% of the buyer's salary. The buyer has an option to purchase the house after 3 years or once 10% of the capital amount has been paid and the buyer provides

	219 812	201 965
Impairments- Refer to note 11	(219 812)	(201 965)
	-	-

Emadlangeni Municipality

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8. Employee benefit obligations

Defined contribution plan

All the municipal councillors and permanent employees belong to the Natal Joint Municipal Pension Fund(Superannuation) and The Natal Joint Municipal Pension Fund(Retirement) which are administered by the Province.

The schemes cannot be broken down per municipality, as they are considered to be multi-employer schemes and hence are treated as defined contribution schemes by the municipality.

Municipality employees are also members of the KwaZulu-Natal Joint Municipal Provident Fund. All contributions have been included in the employee related cost note(Refer to note 25)

9. Financial asset - investments

Repair of 376 Houses grant account	2 844 006	5 071 216
MSIG 1 Call account	10	10
FMG 2 call account	-	52
SPG planning grant call account	-	26
MSIG 2 call account	-	300
MSIG 2013/2014	45 726	-
MAP 2 call account	45 553	44 784
MFMS call account	-	986
MIG call account	4 192 464	4 050 566
MSIG 3 call account	-	761
MAP 1call account	161 772	157 467
Money market call account	-	1 141 033
Small town rehab call account	293 147	279 705
FMG 1call account	-	95
MSIG 4 call account	257 169	283 949
Housing operating call account	486 669	514 785
Library grant call account	134 596	128 608
Sports grant call account	42 598	68 143
FMG 2012/2013	432 105	420 838
MSIG 2012/2013	-	2
FMG 2013/2014	3 628	-
Library 2012/2013	-	223 050
Infrastructure Sports Facility 2012/13	-	100 453
Library 2013/2014	307 624	-
MIG 2012/2013	34 090	5 087 764
MIG 2013/2014	11 272	-
General investments call account	1 194 927	5 840 337
Nguni cattle call account	95 319	92 108
Z.M. loots policy	-	10 109
Sports and Recreation	70 518	-
EPWP grant call account	1 512	-
Eletrification grant 13/14 call account	640 062	-
Sports 2014/2015 call account	526 964	-
Investment - Proceeds from auction	618 020	-
Investment - VAT refunds	5 468 687	-
Subtotal	17 908 438	23 517 147
Nedbank-DBSA Surety	-	300 000
	17 908 438	23 817 147

10. Receivables from exchange transactions

Eskom deposit	55 114	55 114
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Emadlangeni Municipality

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Figures in Rand	2014	2013
11. Consumer debtors		
Gross balances		
Rates	11 959 930	9 096 226
Electricity	7 162 840	4 210 873
Refuse	2 676 500	2 228 950
Sundry debtors	1 271 730	1 177 010
	23 071 000	16 713 059
Less: Allowance for impairment		
Rates	(6 991 326)	(6 610 266)
Electricity	(3 857 257)	(2 739 475)
Refuse	(2 125 741)	(1 823 513)
Sundry debtors	(1 271 730)	(1 177 010)
	(14 246 054)	(12 350 264)
Net balance		
Rates	4 968 604	2 485 960
Electricity	3 305 583	1 471 398
Refuse	550 759	405 437
	8 824 946	4 362 795
Rates		
Current (0 -30 days)	2 155 085	1 252 645
31 - 60 days	904 555	533 986
61 - 90 days	861 481	497 341
91 - 120 days	918 260	131 864
121 - 365 days	129 223	70 124
	4 968 604	2 485 960
Electricity		
Current (0 -30 days)	2 080 987	931 352
31 - 60 days	661 943	295 783
61 - 90 days	562 653	244 263
	3 305 583	1 471 398
Refuse		
Current (0 -30 days)	242 334	179 314
31 - 60 days	93 629	67 707
61 - 90 days	88 121	65 785
91 - 120 days	82 613	60 636
121 - 365 days	44 062	31 995
	550 759	405 437

Emadlangeni Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
11. Consumer debtors (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	858 788	827 894
31 - 60 days	63 189	24 730
61 - 90 days	415 455	350 239
91 - 120 days	285 629	284 352
121 - 365 days	11 696 664	8 136 686
	<u>13 319 725</u>	<u>9 623 901</u>
Less: Allowance for impairment	(12 149 320)	(7 039 650)
	1 170 405	2 584 251
Industrial/ commercial		
Current (0 -30 days)	416 665	355 394
31 - 60 days	35 185	53 530
61 - 90 days	131 294	35 751
91 - 120 days	46 436	24 121
121 - 365 days	2 071 917	1 396 999
	<u>2 701 497</u>	<u>1 865 795</u>
Less: Allowance for impairment	(1 159 587)	(1 358 530)
	1 541 910	507 265
National and provincial government		
Current (0 -30 days)	400 880	1 248 576
31 - 60 days	70 786	25 497
61 - 90 days	260 607	649 433
91 - 120 days	29 706	181 570
121 - 365 days	6 287 799	3 118 287
	<u>7 049 778</u>	<u>5 223 363</u>
Less: Allowance for impairment	(1 156 958)	(3 951 784)
	5 892 820	1 271 579
Total		
Current (0 -30 days)	1 676 333	2 431 864
31 - 60 days	169 160	103 757
61 - 90 days	807 356	1 035 423
91 - 120 days	361 771	490 043
121 - 365 days	20 056 380	12 651 972
	<u>23 071 000</u>	<u>16 713 059</u>
Less: Allowance for impairment	(14 246 054)	(12 350 264)
	8 824 946	4 362 795
Reconciliation of allowance for impairment		
Balance at beginning of the year	(12 350 264)	(10 441 218)
Contributions to allowance	(2 115 602)	(2 111 011)
	(14 465 866)	(12 552 229)

Please note the total allowance for impairment reconciliation includes long term debtors refer to note number 7 (Other financial assets).

Debt impairment is calculated by discounting the expected cash flows using the interest rate levied on overdue rates account. Some debtors are individually impaired and others impaired on a group basis depending on the circumstances. No future cashflows are expected from the long term debtors as indicated by historical payment patterns hence the 100% impairment thereon.

Emadlangeni Municipality

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11. Consumer debtors (continued)

Credit quality of consumer debtors

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

Consumer debtors impaired

As of 30 June 2014, consumer debtors of R 14 246 054 - (2013: R 12 350 266) were impaired and provided for.

The amount of the provision was R 14 246 054- as of 30 June 2014 (2013: R 12 350 266).

The ageing of these consumer debtors is as follows:

Over 6 months	14 246 054	12 350 266
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12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	583	583
Bank balances	8 014 703	4 505 208
	8 015 286	4 505 791

The municipality had the following bank account

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
Standard Bank of South Africa- Public sector current account - 06 010 0001	8 014 736	4 505 239	8 361 100	8 014 703	4 505 208	5 687 122

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Repair of 376 houses	1 231 525	3 008 000
MIG Grant	-	8 098 184
MSIG Grant	435 130	-
MAP Grant	174 160	174 160
MFMS Grant	6 694	6 694
FMG Grant	112 413	-
PMS Grant	16 113	16 113
LED Grant	1 840	1 840
Small Town Rehabilitation Grant	70 793	70 793
Library Grant	317 031	55 734
Sports Grant	595 832	130 432
Community Participation in IDP Grant	200 000	-
Electrification grant	1 583 946	-
	4 745 477	11 561 950

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Figures in Rand	2014	2013
13. Unspent conditional grants and receipts (continued)		
Movement during the year		
Balance at beginning of the year	11 561 950	10 007 319
Additions during the year	20 331 000	13 178 000
Income recognised during the year	(19 559 473)	(10 385 369)
Withheld	(7 588 000)	(1 238 000)
	4 745 477	11 561 950

These amounts are invested in a ring-fenced investment until utilised. All the grants are cash backed refer to note 9.

14. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	6 721 418	444 175	-	7 165 593
Leave pay provision	965 713	513 560	(88 344)	1 390 929
	7 687 131	957 735	(88 344)	8 556 522

Reconciliation of provisions - June 2013

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	6 364 979	356 439	-	6 721 418
Leave pay provision	1 089 551	(18 059)	(105 779)	965 713
	7 454 530	338 380	(105 779)	7 687 131

Non-current liabilities	7 165 593	6 721 418
Current liabilities	1 390 929	965 713
	8 556 522	7 687 131

Environmental rehabilitation provision

The provision is raised for the rehabilitation of the waste disposal site to its original state once the site has reached the end of its useful life.

Leave pay

The leave pay provision is accrued at the conditions of Employment rate and is accumulated to a maximum of 48 days per employee. Leave accrual includes the long service leave due to employees that qualify as per the SALGBC agreement.

15. Long term loan

DBSA loan

Current portion	987 952	958 964
	(124 511)	(45 239)
	863 441	913 725

The municipality acquired a loan from the Development bank of Southern Africa (DBSA) to fund the construction of municipal main offices. The term of the loan is 20 years. Interest charged is prime linked and varies between 10.81% and 14.4% per annum payable every half yearly.

Emadlangeni Municipality

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16. Payables from exchange transactions		
Trade payables	3 180 424	1 691 379
Sundry creditors	1 406 520	1 529 154
Other deposits	(70 071)	(51 899)
Retention liability	463 084	166 357
	4 979 957	3 334 991
17. VAT payable		
VAT payable	1 035 480	1 578 596
18. Financial instruments disclosure		
Categories of financial instruments		
2014		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	55 414	55 414
Consumer debtors	8 165 130	8 165 130
Cash and cash equivalents	8 015 286	8 015 286
Financial asset - investment	17 908 438	17 908 438
	34 144 268	34 144 268
Financial liabilities		
	At amortised cost	Total
Loans from DBSA	(987 952)	(987 952)
Unspent grants	(4 745 477)	(4 745 477)
Trade and other payables from exchange transactions	(4 320 137)	(4 320 137)
Consumer deposits	(150 094)	(150 094)
	(10 203 660)	(10 203 660)
2013		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	55 114	55 114
Consumer debtors	4 362 795	4 362 795
Cash and cash equivalents	4 505 791	4 505 791
Financial asset - investments	23 817 147	23 817 147
	32 740 847	32 740 847

Emadlangeni Municipality

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Figures in Rand	2014	2013
Financial instruments disclosure (continued)		
Financial liabilities		
	At amortised cost	Total
Loan from DBSA	(958 964)	(958 964)
Trade and other payables from exchange transactions	(3 334 990)	(3 334 990)
Consumer deposits	(143 612)	(143 612)
Unspent grants	(11 561 950)	(11 561 950)
	(15 999 516)	(15 999 516)
19. Consumer deposits		
Electricity	150 094	143 612
20. Revenue		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service Charges	12 934 177	11 729 620
Rental of facilities and equipment	981 554	1 033 055
Licences and permits	1 096 783	1 247 854
Other income	2 056 143	957 848
Interest received - investment	1 292 905	864 499
	18 361 562	15 832 876
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	12 558 758	10 254 618
Property rates - penalties imposed	1 533 958	1 643 892
Transfer revenue		
Government grants & subsidies	35 066 474	24 374 369
Fines	57 431	97 068
	49 216 621	36 369 947

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
21. Property rates		
Rates received		
Property rates	12 558 758	10 254 618
Property rates - penalties imposed	1 533 958	1 643 892
	14 092 716	11 898 510
Valuations		
Residential	271 096 000	232 413 000
Commercial	36 860 000	25 650 000
State	145 673 000	130 110 000
Municipal	47 485 000	36 602 000
Small holdings and farms	1 653 965 000	792 181 000
Public Service Infrastructure	31 135 000	23 651 000
Schools(Private and State)	47 173 000	25 790 000
Land reform properties	209 094 000	102 069 000
Other(PBO,Public Worship,Vacant etc)	25 975 000	22 845 000
	2 468 456 000	1 391 311 000

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 01 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

22. Service charges

Sale of electricity	11 649 975	10 463 467
Refuse removal	1 284 202	1 266 153
	12 934 177	11 729 620

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
23. Government grants and subsidies		
Operating grants		
Equitable share	15 507 000	13 989 000
Finance Management Grant	1 537 586	1 500 000
EPWP Grant	1 000 000	-
Municipal Systems Improvement Grant	414 870	652 161
Repair of 376 houses grant	1 776 475	-
Small Town Rehabilitation	-	116 210
Sports Grant	59 600	138 318
Library Grant	372 704	370 027
	20 668 235	16 765 716
Capital grants		
Municipal Infrastructure Grant	10 482 185	7 608 653
Electrification Grant	3 916 054	-
	14 398 239	7 608 653
Conditional and Unconditional		
	35 066 474	24 374 369
Repair of 376 Houses		
Balance unspent at beginning of year	3 008 000	3 008 000
Conditions met - transferred to revenue	(1 776 475)	-
	1 231 525	3 008 000
Conditions still to be met - remain liabilities (see note 13).		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	8 098 184	5 795 837
Current-year receipts	9 932 000	10 461 000
Conditions met - transferred to revenue	(10 482 184)	(7 608 653)
Funding withheld - Equitable share	(7 548 000)	(550 000)
	-	8 098 184
Municipal Systems Improvement Grant		
Balance unspent at beginning of year	-	367 756
Current-year receipts	890 000	800 000
Conditions met - transferred to revenue	(414 870)	(652 161)
Withheld - Equitable share	(40 000)	(515 595)
	435 130	-
Conditions still to be met - remain liabilities (see note 13).		
Municipal Assistance Programme		
Balance unspent at beginning of year	174 160	174 160
Conditions still to be met - remain liabilities (see note 13).		

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
23. Government grants and subsidies (continued)		
Municipal Finance Management System Grant		
Balance unspent at beginning of year	6 694	167 694
Other	-	(161 000)
	6 694	6 694
Conditions still to be met - remain liabilities (see note 13).		
Finance Management Grant		
Current-year receipts	1 650 000	1 500 000
Conditions met - transferred to revenue	(1 537 587)	(1 500 000)
	112 413	-
Conditions still to be met - remain liabilities (see note 13).		
Performance Management System Grant		
Balance unspent at beginning of year	16 113	16 113
Conditions still to be met - remain liabilities (see note 13).		
LED Grant		
Balance unspent at beginning of year	1 840	1 840
Conditions still to be met - remain liabilities (see note 13).		
Small Town Rehab Grant		
Balance unspent at beginning of year	70 793	187 003
Conditions met - transferred to revenue	-	(116 210)
	70 793	70 793
Conditions still to be met - remain liabilities (see note 13).		
Library Grant		
Balance unspent at beginning of year	55 734	158 761
Current-year receipts	634 000	267 000
Conditions met - transferred to revenue	(372 703)	(370 027)
	317 031	55 734
Conditions still to be met - remain liabilities (see note 13).		

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

	2014	2013
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23. Government grants and subsidies (continued)

Sports Grant

Balance unspent at beginning of year	130 432	118 750
Current-year receipts	525 000	150 000
Conditions met - transferred to revenue	(59 600)	(138 318)
	595 832	130 432

Conditions still to be met - remain liabilities (see note 13).

EPWP Grant

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

Community participation in IDP Grant

Current-year receipts	200 000	-
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Conditions still to be met - remain liabilities (see note 13).

Electrification Grant

Current-year receipts	5 500 000	-
Conditions met - transferred to revenue	(3 916 054)	-
	1 583 946	-

Conditions still to be met - remain liabilities (see note 13).

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2013), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
24. General expenses		
Advertising	288 402	155 633
Auditors and audit committee remuneration	1 208 489	1 326 295
Bank charges	149 129	114 942
Commission paid	62 780	47 993
Consulting and professional fees	1 138 420	1 012 778
Consumables	150 913	116 875
Entertainment	33 468	69 347
Fines and penalties	-	133
Insurance	225 590	177 107
Community development	2 038 006	693 354
Promotions and sponsorships	-	118
Magazines, books and periodicals	-	3 171
Motor vehicle expenses	95 709	78 842
Fuel and oil	532 009	449 328
Postage and courier	3 289	4 056
Printing and stationery	19 939	20 990
Royalties and license fees	-	185
Security (guarding of municipal property)	929 908	348 766
IT expenses	419 878	616 945
Subscriptions and membership fees	530 183	12 951
Telephone and fax	508 089	449 123
Training	87 246	183 200
Travel - local	393 519	463 628
Refuse	-	4 072
Title deed search fees	-	200
Water	168 715	185 172
Expanded public works programme	6 123	555 593
Current year charge-Provision for landfill site	444 175	356 439
Chemicals	16	852
Other expenses	118 792	-
Trees and Seeds	-	2 225
	9 552 787	7 450 313

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
25. Employee related costs		
Basic salary	10 603 681	10 000 293
Medical aid - company contributions	575 054	532 500
UIF	105 729	100 677
SDL	137 950	123 102
Other payroll levies	12 502	9 239
Increase(Decrease) in leave pay provision	513 560	(18 058)
Post-employment benefits	906 493	841 335
Travel, motor car, accommodation, subsistence and other allowances	375 283	543 565
Overtime payments	379 655	434 098
13th Cheques	645 707	621 048
Acting allowances	376 448	451 052
Housing benefits and allowances	156 072	221 851
Other allowances	163 528	143 282
	14 951 662	14 003 984

Remuneration of municipal manager

Basic	987 062	778 397
Acting	24 756	297 073
	1 011 818	1 075 470

The Municipal manager is not entitled to other allowances is not entitled to other allowances or benefits, other than performance bonus on meeting certain requirements.

Remuneration of chief finance officer

Basic	-	682 060
Acting	174 604	-
	174 604	682 060

The Chief Financial Officer is not entitled to other allowances is not entitled to other allowances or benefits, other than performance bonus on meeting certain requirements.

Remuneration of Director Corporate Services

Basic	36 972	436 150
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The Director Corporate Services was appointed in June 2014, the salary reflected about for 2013/14 financial year is in respect of one month's cost to company. The Director Corporate Services is not entitled to other allowances is not entitled to other allowances or benefits, other than performance bonus on meeting certain requirements.

Remuneration of Director Technical Services

Basic	586 000	-
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The Director Technical Services is not entitled to other allowances is not entitled to other allowances or benefits, other than performance bonus on meeting certain requirements.

Remuneration of Director Community Services

Basic	628 946	649 760
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The Director Community Services is not entitled to other allowances or benefits, other than performance bonus on meeting certain requirements.

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
26. Remuneration of councillors		
Mayor	351 299	335 160
Councillors	1 392 572	1 341 041
Other contributions	11 577	14 396
	1 755 448	1 690 597
27. Investment revenue		
Interest revenue		
Bank	1 292 905	864 499
28. Depreciation and amortisation		
Property, plant and equipment	4 435 274	3 337 420
Investment property	1 183 682	1 231 531
Intangible assets	141 737	147 337
	5 760 693	4 716 288
29. Impairment of assets		
Impairments		
Property, plant and equipment	370 250	-
30. Auditors' remuneration		
Fees	1 046 178	1 192 295
Audit committee	162 311	134 000
	1 208 489	1 326 295
31. Operating lease		
<p>The municipality has low cost houses and flats that are leased to the public and staff. Lease rentals are based on a percentage of the lessee's income levels or on a rate below market value. These leases are cancellable at any time by either party provided that one month's notice is given and there is no fixed lease period. The related properties are included in property, plant and equipment. Operating lease income is R 505 371 (2012: R378 787).</p>		
32. Bulk purchases		
Electricity	8 321 427	8 412 121

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
33. Cash generated from operations		
Surplus	15 478 026	8 520 355
Adjustments for:		
Depreciation and amortisation	5 760 693	4 716 288
(Profit) loss on sale of assets	(214 895)	27
Impairment loss	370 250	-
Debt impairment	1 913 636	2 111 011
Movements in provisions	869 391	232 601
Other non-cash items	(5 691)	-
Changes in working capital:		
Consumer debtors	(6 375 787)	(335 433)
Payables from exchange transactions	1 644 956	2 367 657
VAT	(543 116)	(3 648 150)
Unspent conditional grants and receipts	(6 816 473)	1 554 631
Consumer deposits	6 491	(1 666)
	12 087 481	15 517 321
34. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	3 732 018	5 350 132
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	5 625 000	6 531 143
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	58 211	-
- in second to fifth year inclusive	106 719	-
	164 930	-

Operating lease payments comprise lease rentals payable by the municipality for the office property and equipment. Leases are negotiated for 3 years for the rental of office equipment and photocopiers with no contingent rentals payable. Lease rentals for office property has no escalation clauses.

35. Contingencies

Litigation is in process against the Municipality relating to Natal Joint Municipal Pension Fund adjusted contributions by the municipality in respect of excessive salary increases in individual member pensionable emoluments: 1 April 2009 to March 2011. The summons were issued on the 9th of October 2013. The municipality's Attorney and management strongly believe that the Municipality has a strong defense. Should the action against the municipality be successful the value of the obligation is R618 558 and costs of the suit jointly and severally against the municipality with other defendants.

36. Related parties

Remuneration of key employees and councillors is disclosed in notes 25 and 26. At the time of completion of the annual financial statements, there appears to be no related party relationship in existence at year end.

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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37. Prior period errors

Certain property, plant and equipment were depreciated using incorrect useful lives. The error occurred when the municipality migrated from the excel fixed asset register to BAUD fixed asset register. These assets that had been fair valued during the first time adoption of GRAP 17. When these assets were uploaded on BAUD, the useful lives reverted back to original useful lives instead of the revised remaining useful lives as determined by the fair value exercise undertaken at 30 June 2012.

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

Statement of financial position

Accumulated depreciation	-	(916 535)
Opening Accumulated Surplus or Deficit	-	21 805

Statement of Financial Performance

Depreciation expense	-	894 730
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38. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 15 cash and cash equivalents disclosed in note 12.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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.

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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

39. Going concern

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

40. Events after the reporting date

There were no material events to report as at the date of the annual financial statements.

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
41. Unauthorised expenditure		
At the completion of the annual financial statements, there was no unauthorised expenditure.		
42. Fruitless and wasteful expenditure		
Fruitless expenditure incurred during the year	37 080	41 117
Condoned/ approved by council	-	(15 031)
Awaiting condonation by council	(37 080)	(26 086)
	<u>-</u>	<u>-</u>
43. Irregular expenditure		
Opening balance	3 611 995	-
Add: Irregular Expenditure - current year	10 365	3 611 995
Less: Amounts condoned	(3 611 995)	-
	<u>10 365</u>	<u>3 611 995</u>
Analysis of expenditure awaiting condonation per age classification		
Current year	<u>10 365</u>	<u>3 611 995</u>
Details of irregular expenditure – current year		
Overtime payments	The Municipality did not comply with the provisions of the South African Local Government Bargaining Council Collective Agreement,, during the current financial year as a result of overtime being paid to employees earning more than R 172 000 p/a.	-
		<u>10 365</u>
		<u>10 365</u>
44. In-kind donations and assistance		
There were no in - kind donations made by the municipality during the financial year (2013: R NIL)		
45. Reconciliation between budget and statement of financial performance		
The budget is approved on an accruals basis by nature classification. The approved budget covers the period from 1 July 2013 to 30 June 2014. The budget and accounting basis are the same ie both on accruals basis therefore financial statements and budget are on a comparable basis. Accordingly a reconciliation is not necessary. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance. Refer to Appendix G(1)		
Net surplus per the statement of financial performance	<u>15 478 026</u>	<u>8 520 355</u>
46. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Current year subscription / fee	1 046 178	1 192 295
Amount paid - current year	(1 046 178)	(1 192 295)
	<u>-</u>	<u>-</u>

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
46. Additional disclosure in terms of Municipal Finance Management Act (continued)		
PAYE and UIF		
Opening balance	179 307	-
Current year subscription / fee	2 369 963	2 378 507
Amount paid - current year	(2 361 788)	(2 199 200)
	187 482	179 307
Pension and Medical Aid Deductions		
Opening balance	178 703	915
Current year subscription / fee	2 354 503	2 196 268
Amount paid - current year	(2 441 432)	(2 018 480)
	91 774	178 703
VAT		
VAT payable	1 035 480	1 578 596

VAT returns for months February 2014 to June 2014 were all submitted in July 2014.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:

30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
B.C. Mabaso	-	12 781	12 781
V.S. Ntshangase	1 805	7 035	8 840
	1 805	19 816	21 621
30 June 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
B.C. Mabaso	-	12 781	12 781
V.C. Ntshangase	-	5 189	5 189
S.O. Nkomode	1 025	-	1 025
	1 025	17 970	18 995

47. 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 she records the reasons for any deviations and reports them to the next meeting of council and includes a note to the annual financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods and services 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. The aforesaid deviations for 2013/14 amounted to R 2 130 418.07 (2012/13: R 680 858.91). The deviations were also taken to council and condoned.

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
48. Electricity Losses		
Electricity units (kWh) lost in distribution		
Electricity units(kWh) purchased	12 149 122	12 362 203
Electricity units(kWh) sold	(10 366 748)	(10 161 049)
	1 782 374	2 201 154

Electricity losses for the period under review is 15% (2013: 18%)

These losses are attributable to electricity losses within the electricity network infrastructure. The aging infrastructure and own usage chiefly explain the variance.

49. Biological Assets

Emadlangeni Municipality Game Park's main purpose is the conservation of a representative system of biodiversity encompassing fauna, flora and unique scenery within the Game Park. Emadlangeni Municipality does not manage the Game Park for reproduction of biodiversity and significant sources of revenue comprise of tourism, in the form of accommodation, game viewing and hunting fees. The municipality is involved in biological transformation of fauna and flora primarily as a service to the community for the purpose of recreational activity rather than for sale.

Biological assets are not recognised in the statement of financial position as the fair value or cost of the biological assets cannot be measured reliably due to their nature. Quantities of biological assets cannot easily be ascertained as the municipality cannot keep up with births, deaths and migrations of wildlife as dictated by seasonal and other environmental factors. However, the municipality conducts aerial game counts from time to time.

As at 30 June 2014 the estimated number of biological assets are as follows: 1105 Game animals and cattle (June 2013: 1034)

50. Non-Compliance with MFMA

The Municipality did not comply with section 65(2)(e) of the MFMA.

51. Change in estimate

GRAP 17: Property, plant and equipment requires that the review of the remaining useful life of an item of property, plant and equipment be conducted at least at each financial year end. The municipality performed this review and the following results were achieved:

- Based on the condition assessment carried out during the physical verification, the remaining useful lives of 4052 assets were revised in accordance with the "Local Government Capital Asset Management Guideline" as issued by National Treasury.

- The impact of the adjustment is that depreciation charges on property, plant and equipment for 2014 and future periods increased by R 512 431 from R 5 248 262 to R 5 760 693.

Emadlangeni Municipality

Annual Financial Statements for the year ended 30 June 2014
Appendix A: Schedule of external loans

**Emadlangeni Municipality
Appendix A**

Schedule of external loans as at 30 June 2014

Loan Number	Redeemable	Balance at 30 June 2013	Interest accrued	Redeemed written off during the period	Balance at 30 June 2014	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							
DBSA Annuity Loan	61000120	958 964	50 592	21 604	987 952	1 346 901	-
		958 964	50 592	21 604	987 952	1 346 901	-
Total external loans							
Development Bank of South Africa		958 964	50 592	21 604	987 952	1 346 901	-
		958 964	50 592	21 604	987 952	1 346 901	-

Emadlangeni Municipality
Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

	Current year 2014 Act. Bal.	Current year 2014 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	14 092 716	14 524 000	(431 284)	(3,0)	
Service charges	12 934 177	13 049 000	(114 823)	(0,9)	
Rental of facilities and equipment	981 554	1 210 000	(228 446)	(18,9)	There was a long period of inactivity at the eMadlangeni Game reserve due to renovations, thus the revenue was lower than anticipated.
Fines	57 431	66 000	(8 569)	(13,0)	The protection officers vehicles were broken down for an extended period of time.
Licences and permits	1 096 784	1 020 000	76 784	7,5	
Other income	2 076 063	1 141 000	935 063	82,0	We recieved donated assets to the value of R1.4 million. The assets are Bell Errader and Roller.
Government grants	35 066 474	34 313 000	753 474	2,2	
Interest received - investment	1 292 905	1 017 000	275 905	27,1	We did not anticipate the increases in interest rates during the finanacial year, hence underbudgeting on interest income.
	67 598 104	66 340 000	1 258 104	1,9	
Expenses					
Employee costs	(14 951 662)	(16 117 000)	1 165 338	(7,2)	Vacat positions were budgeted for and not filled during the year, particularly the CFO, senior manager Budgett and Treasury office x 2, senior manager community services and corporate services and expenditure accountant.
Remuneration of councillors	(1 755 448)	(1 867 000)	111 552	(6,0)	
Depreciation and impairment losses	(5 705 857)	(6 578 000)	872 143	(13,3)	We had overprovided for depreciation and impairemnet losses due to first time adoption of GRAP 16 and 17 in the prior year.
Finance costs	(102 872)	(105 000)	2 128	(2,0)	
Debt impairment	(1 913 636)	(2 000 000)	86 364	(4,3)	
Repairs and maintenance - General	(1 583 107)	(3 206 000)	1 622 893	(50,6)	Major repairs to the town hall, Plein street house and other municipal properties didn't take place as planned.
Bulk purchases	(8 321 427)	(10 211 000)	1 889 573	(18,5)	
Contracted Services	(987 425)	(1 272 000)	284 575	(22,4)	Consultants not utilised as anticipated.
Grants and subsidies paid	(6 800 850)	(4 724 000)	(2 076 850)	44,0	The repair of 376 houses expenditure was not anticipated to occur in the current year.
General Expenses	(9 522 787)	(15 714 000)	6 191 213	(39,4)	The vacancy of key positions in other departments resulted in lower expenditure incurred.
	(51 645 071)	(61 794 000)	10 148 929	(16,4)	
Other revenue and costs					
Net surplus/ (deficit) for the year	15 953 033	4 546 000	11 407 033	250,9	

Emadlangeni Municipality

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2014

	2014/2013							2013/2012							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	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	44 100 000	6 319 000	50 419 000	-		50 419 000	-		(50 419 000)	- %	- %				37 585 008
Executive and council	15 507 000	-	15 507 000	-		15 507 000	-		(15 507 000)	- %	- %				13 989 000
Budget and treasury office	28 591 000	6 319 000	34 910 000	-		34 910 000	-		(34 910 000)	- %	- %				23 594 712
Corporate services	2 000	-	2 000	-		2 000	-		(2 000)	- %	- %				1 296
Community and public safety	1 606 000	205 000	1 811 000	-		1 811 000	-		(1 811 000)	- %	- %				1 783 260
Community and social services	483 000	185 000	668 000	-		668 000	-		(668 000)	- %	- %				449 729
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				1 333 531
Public safety	1 123 000	20 000	1 143 000	-		1 143 000	-		(1 143 000)	- %	- %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Economic and environmental services	66 000	-	66 000	-		66 000	-		(66 000)	- %	- %				61 777
Planning and development	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Road transport	66 000	-	66 000	-		66 000	-		(66 000)	- %	- %				61 777
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Trading services	13 050 000	6 000	13 056 000	-		13 056 000	-		(13 056 000)	- %	- %				11 729 620
Electricity	11 723 000	6 000	11 729 000	-		11 729 000	-		(11 729 000)	- %	- %				10 463 467
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				1 266 153
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	1 327 000	-	1 327 000	-		1 327 000	-		(1 327 000)	- %	- %				-
Other	1 126 000	(140 000)	986 000	-		986 000	-		(986 000)	- %	- %				-
Tourism	1 126 000	(140 000)	986 000	-		986 000	-		(986 000)	- %	- %				1 043 161
Total Revenue - Standard	59 948 000	6 390 000	66 338 000	-		66 338 000	-		(66 338 000)	- %	- %				52 202 826

Emadlangeni Municipality

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2014

	2014/2013					2013/2012								
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	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	29 883 000	6 848 000	36 731 000	-	-	36 731 000	-	(36 731 000)	- %	- %	-	-	-	23 437 184
Executive and council	8 114 000	616 000	8 730 000	-	-	8 730 000	-	(8 730 000)	- %	- %	-	-	-	5 465 437
Budget and treasury office	16 747 000	6 717 000	23 464 000	-	-	23 464 000	-	(23 464 000)	- %	- %	-	-	-	14 480 744
Corporate services	5 022 000	(485 000)	4 537 000	-	-	4 537 000	-	(4 537 000)	- %	- %	-	-	-	3 491 003
Community and public safety	7 063 000	100 000	7 163 000	-	-	7 163 000	-	(7 163 000)	- %	- %	-	-	-	5 291 231
Community and social services	4 768 000	227 000	4 995 000	-	-	4 995 000	-	(4 995 000)	- %	- %	-	-	-	3 639 983
Sport and recreation	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	2 295 000	(127 000)	2 168 000	-	-	2 168 000	-	(2 168 000)	- %	- %	-	-	-	1 651 248
Housing	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	4 137 000	(556 000)	3 581 000	-	-	3 581 000	-	(3 581 000)	- %	- %	-	-	-	1 492 824
Planning and development	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	4 137 000	(556 000)	3 581 000	-	-	3 581 000	-	(3 581 000)	- %	- %	-	-	-	1 492 824
Environmental protection	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	13 234 000	(746 000)	12 488 000	-	-	12 488 000	-	(12 488 000)	- %	- %	-	-	-	10 431 454
Electricity	12 414 000	(275 000)	12 139 000	-	-	12 139 000	-	(12 139 000)	- %	- %	-	-	-	10 189 152
Water	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	820 000	(471 000)	349 000	-	-	349 000	-	(349 000)	- %	- %	-	-	-	242 302
Other	2 294 000	(459 000)	1 835 000	-	-	1 835 000	-	(1 835 000)	- %	- %	-	-	-	-
Other	2 294 000	(459 000)	1 835 000	-	-	1 835 000	-	(1 835 000)	- %	- %	-	-	-	2 135 048
Total Expenditure - Standard	56 611 000	5 187 000	61 798 000	-	-	61 798 000	-	(61 798 000)	- %	- %	-	-	-	42 787 741
Surplus/(Deficit) for the year	3 337 000	1 203 000	4 540 000	-	-	4 540 000	-	(4 540 000)	- %	- %	-	-	-	9 415 085

Emadlangeni Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2014

	2014/2013							2013/2012							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	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	10 854 000	1 717 000	12 571 000	-		12 571 000	12 558 758		(12 242)	100 %	116 %				10 254 618
Property rates - penalties & collection charges	1 953 000	-	1 953 000	-		1 953 000	1 533 958		(419 042)	79 %	79 %				1 643 892
Service charges - electricity revenue	11 722 000	-	11 722 000	-		11 722 000	11 649 975		(72 025)	99 %	99 %				10 463 467
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	1 327 000	-	1 327 000	-		1 327 000	1 284 202		(42 798)	97 %	97 %				1 266 153
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	1 017 000	193 000	1 210 000	-		1 210 000	981 554		(228 446)	81 %	97 %				1 033 055
Interest earned - external investments	917 000	100 000	1 017 000	-		1 017 000	1 292 905		275 905	127 %	141 %				864 499
Interest earned - outstanding debtors	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	66 000	-	66 000	-		66 000	57 431		(8 569)	87 %	87 %				97 068
Licences and permits	1 020 000	-	1 020 000	-		1 020 000	1 096 783		76 783	108 %	108 %				1 247 855
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	19 881 000	4 500 000	24 381 000	-		24 381 000	20 668 235		(3 712 765)	85 %	104 %				16 765 716
Other revenue	1 260 000	(119 000)	1 141 000	-		1 141 000	2 076 063		935 063	182 %	165 %				957 848
Gains on disposal of PPE	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				(27)
Total Revenue (excluding capital transfers and contributions)	50 017 000	6 391 000	56 408 000	-		56 408 000	53 199 864		(3 208 136)	94 %	106 %				44 594 144

Emadlangeni Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2014

	2014/2013										2013/2012				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	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	19 709 000	(3 592 000)	16 117 000	-	-	16 117 000	14 951 662	-	(1 165 338)	93 %	76 %	-	-	-	14 003 983
Remuneration of councillors	1 794 000	73 000	1 867 000	-	-	1 867 000	1 755 448	-	(111 552)	94 %	98 %	-	-	-	1 690 597
Debt impairment	1 000 000	1 000 000	2 000 000	-	-	2 000 000	1 913 636	-	(86 364)	96 %	191 %	-	-	-	2 111 011
Depreciation & asset impairment	6 578 000	-	6 578 000	-	-	6 578 000	5 705 856	-	(872 144)	87 %	87 %	-	-	-	4 716 289
Finance charges	150 000	(45 000)	105 000	-	-	105 000	102 872	-	(2 128)	98 %	69 %	-	-	-	107 956
Bulk purchases	10 211 000	-	10 211 000	-	-	10 211 000	8 321 427	-	(1 889 573)	81 %	81 %	-	-	-	8 412 121
Repairs and maintenance	-	-	-	-	-	-	1 583 107	-	1 583 107	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	100 000	1 172 000	1 272 000	-	-	1 272 000	987 425	-	(284 575)	78 %	987 %	-	-	-	1 229 255
Transfers and grants	-	-	-	-	-	-	6 800 850	-	6 800 850	DIV/0 %	DIV/0 %	-	-	-	2 831 187
Other expenditure	17 067 000	6 577 000	23 644 000	-	-	23 644 000	9 552 787	-	(14 091 213)	40 %	56 %	-	-	-	8 580 043
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure	56 609 000	5 185 000	61 794 000	-	-	61 794 000	51 675 070	-	(10 118 930)	84 %	91 %	-	-	-	43 682 442
Surplus/(Deficit)	(6 592 000)	1 206 000	(5 386 000)	-	-	(5 386 000)	1 524 794	-	6 910 794	(28)%	(23)%	-	-	-	911 702
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	7 608 653
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(6 592 000)	1 206 000	(5 386 000)	-	-	(5 386 000)	1 524 794	-	6 910 794	(28)%	(23)%	-	-	-	8 520 355
Transfers recognised - capital	9 932 000	-	9 932 000	-	-	9 932 000	14 398 239	-	4 466 239	145 %	145 %	-	-	-	-
Surplus/(Deficit) after taxation	3 340 000	1 206 000	4 546 000	-	-	4 546 000	15 923 033	-	11 377 033	350 %	477 %	-	-	-	8 520 355
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) attributable to municipality	3 340 000	1 206 000	4 546 000	-	-	4 546 000	15 923 033	-	11 377 033	350 %	477 %	-	-	-	8 520 355
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) for the year	3 340 000	1 206 000	4 546 000	-	-	4 546 000	15 923 033	-	11 377 033	350 %	477 %	-	-	-	8 520 355

Emadlangeni Municipality

Appendix G4

Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2014

	2014/2013									2013/2012					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	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 multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	10 332 000	-	10 332 000	-	-	10 332 000	-	-	(10 332 000)	- %	- %	-	-	-	-
Total Capital Expenditure - Vote	10 332 000	-	10 332 000	-	-	10 332 000	-	-	(10 332 000)	- %	- %	-	-	-	-

Emadlangeni Municipality

Appendix G4

Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2014

	2014/2013					2013/2012					Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
	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. s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget					Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand					Rand
Capital Expenditure - Standard															
Governance and administration	9 982 000	457 000	10 439 000	-	-	10 439 000	-	-	(10 439 000)	- %	- %	-	-	-	7 981 640
Executive and council	9 732 000	457 000	10 189 000	-	-	10 189 000	-	-	(10 189 000)	- %	- %	-	-	-	7 938 343
Budget and treasury office	-	-	-	-	-	-	-	-	DIV/0	DIV/0 %	DIV/0 %	-	-	-	25 864
Corporate services	250 000	-	250 000	-	-	250 000	-	-	(250 000)	- %	- %	-	-	-	17 433
Community and public safety	300 000	250 000	550 000	-	-	550 000	-	-	(550 000)	- %	- %	-	-	-	97 054
Community and social services	300 000	250 000	550 000	-	-	550 000	-	-	(550 000)	- %	- %	-	-	-	97 054
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	-	1 000 000	1 000 000	-	-	1 000 000	-	-	(1 000 000)	- %	DIV/0 %	-	-	-	8 600
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	8 600
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	1 000 000	1 000 000	-	-	1 000 000	-	-	(1 000 000)	- %	DIV/0 %	-	-	-	-
Other	50 000	-	50 000	-	-	50 000	-	-	(50 000)	- %	- %	-	-	-	-
Other	50 000	-	50 000	-	-	50 000	-	-	(50 000)	- %	- %	-	-	-	-
Total Capital Expenditure - Standard	10 332 000	1 707 000	12 039 000	-	-	12 039 000	-	-	(12 039 000)	- %	- %	-	-	-	8 087 294
Funded by:															
National Government	9 582 000	610 000	10 192 000	-	-	10 192 000	-	-	(10 192 000)	- %	- %	-	-	-	6 406 157
Provincial Government	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Transfers recognised - capital	9 582 000	610 000	10 192 000	-	-	10 192 000	-	-	(10 192 000)	- %	- %	-	-	-	6 406 157
Public contributions & donations	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Internally generated funds	750 000	1 097 000	1 847 000	-	-	1 847 000	-	-	(1 847 000)	- %	- %	-	-	-	1 681 137
Total Capital Funding	10 332 000	1 707 000	12 039 000	-	-	12 039 000	-	-	(12 039 000)	- %	- %	-	-	-	8 087 294