



**Ndwedwe Local Municipality  
Financial statements  
for the year ended 30 June 2014**

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## General Information

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### Councillors

Mayor

Councillors

M Hadebe  
EN Blose Deputy Mayor  
MJ Zondi Speaker  
MI Tshaba Member of the Executive Committee  
RM Cele Member of the Executive Committee  
BJ Shozi Member of the Executive Committee  
KW Madlala Member of the Executive Committee  
MP Busane Member of the Executive Committee  
SB Sibisi (Ward Councillor)  
MM Khuzwayo (Ward Councillor)  
MN Gwamanda (Ward Councillor)  
SE Dladla (Ward Councillor)  
BJ Blose (Ward Councillor)  
BM Ngcobo (Ward Councillor)  
TF Dlamini (Ward Councillor)  
LM Ngcobo (Ward Councillor)  
NP Ngcobo (Ward Councillor)  
LM Ndlovu (Ward Councillor)  
ML Ngcobo (Ward Councillor)  
LG Ngcobo (Ward Councillor)  
N Khuzwayo (Ward Councillor)  
B Nzama (Ward Councillor)  
MM Zulu (Ward Councillor)  
LZ Makhanya (Ward Councillor)  
HJ Phakathi (Ward Councillor)  
ZS Thoolsi (Party Representative)  
SA Luthuli (Party Representative)  
FP Nkosi (Party Representative)  
BS Gumede (Party Representative)  
CP Ngidi (Party Representative)  
PS Shezi (Party Representative)  
MF Ngcobo (Party Representative)  
DR Sibisi (Party Representative)  
BB Vilakazi (Party Representative)  
MS Mgenge (Party Representative)  
ML Sibisi (Party Representative)  
SK Mzobe (Party Representative)

### Accounting Officers

CM Strydom  
Acting Municipal Manager  
Appointed on 25th July 2014

### Chief Finance Officer (CFO)

MT Nkosi

### Grading of local authority

Grade 2 Low Capacity Municipality

### Auditors

The Auditor General of South Africa

### Bankers

ABSA Bank Verulam Branch

### Registered office

Ndwedwe Local Municipality

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## General Information

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<b>Business address</b>	P100 Ndwedwe 4342
<b>Postal address</b>	P/Bag X 503 Ndwedwe 4342
<b>Telephone</b>	032 532 5000
<b>Fax Number</b>	032 532 5031/32
<b>E-mail Address</b>	mm@ndwedwe.gov.za

## **Index**

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The reports and statements set out below comprise the financial statements presented to the council:

<b>Index</b>	<b>Page</b>
' Approval of Annual Financial Statement	4
Statement of Financial Position	5
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 10
Accounting Policies	11 - 22
The following supplementary information does not form part of the financial statements and is unaudited:	
Statement of Financial Performance	6
Appendixes:	
Appendix B: Analysis of Property, Plant and Equipment	43

**Ndwedwe Local Municipality**  
Financial Statements for the year ended 30 June 2014.

**Approval of Annual Financial Statement**

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As an accounting officer I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 40, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



CM Strydom  
Acting Municipal Manager (25 July 2014)

**Ndwedwe Local Municipality**  
 Financial Statements for the year ended 30 June 2014

**Statement of Financial Position as at 30 June 2014**

Figures in Rand	Note(s)	2014	2013 Restated*
<b>Assets</b>			
Current Assets			
Receivables from exchange transactions	2	2 129 225	610 314
VAT receivable	3	3 516 659	3 912 854
Consumer debtors	4	1 399 877	1 196 363
Cash and cash equivalents	5	57 173 767	40 690 884
		<b>64 219 528</b>	<b>46 410 415</b>
Non-Current Assets			
Property, plant and equipment	6	166 449 726	149 678 982
Intangible assets	7	49 359	140 193
		<b>166 499 085</b>	<b>149 819 175</b>
<b>Total Assets</b>		<b>230 718 613</b>	<b>196 229 590</b>
<b>Liabilities</b>			
Current Liabilities			
Finance lease obligation	8	266 639	873 852
Operating lease liability	9	429 718	254 790
Payables from exchange transactions	10	3 828 228	9 685 006
Unspent conditional grants and receipts	11	39 962 468	22 731 658
Provisions	12	2 475 317	1 384 555
		<b>46 962 370</b>	<b>34 929 861</b>
Non-Current Liabilities			
Finance lease obligation	8	132 646	399 286
Provisions	12	721 279	485 545
		<b>853 925</b>	<b>884 831</b>
<b>Total Liabilities</b>		<b>47 816 295</b>	<b>35 814 692</b>
<b>Net Assets</b>		<b>182 902 318</b>	<b>160 414 898</b>
Accumulated surplus		182 902 318	160 414 898

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities and equipment		192 283	193 187
Interest received (trading)		430 548	296 136
Other income		588 093	449 013
Interest received - investment		3 738 426	2 276 221
<b>Total revenue from exchange transactions</b>		<b>4 949 350</b>	<b>3 214 557</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	14	4 270 976	4 017 264
<b>Transfer revenue</b>			
Government grants & subsidies		96 400 688	86 172 813
Public contributions and donations		85 709	52 645
<b>Total revenue from non-exchange transactions</b>		<b>100 757 373</b>	<b>90 242 722</b>
<b>Total revenue</b>	13	<b>105 706 723</b>	<b>93 457 279</b>
<b>Expenditure</b>			
Employees related cost	17	(22 163 945)	(19 226 656)
Remuneration of councillors	18	(9 084 880)	(8 388 674)
Depreciation and amortisation	19	(11 723 350)	(9 472 399)
Impairment loss/ Reversal of impairments		(65 096)	(12 509 581)
Debt impairment	20	(2 262 606)	(2 354 711)
Finance costs	21	(109 801)	(293 190)
Repairs and maintenance		(3 211 749)	(5 446 064)
Contracted services	22	(3 039 393)	(3 102 372)
General Expenses	16	(30 597 231)	(27 954 684)
(Increase)/Decrease in provision for long service award		-	3 058
(Increase)/Decrease in provision for leave pay		(871 885)	(1 384 555)
<b>Total expenditure</b>		<b>(83 129 936)</b>	<b>(90 129 828)</b>
<b>Operating surplus</b>		<b>22 576 787</b>	<b>3 327 451</b>
Loss on disposal of assets and liabilities		(258 477)	(409 317)
<b>Surplus for the period</b>		<b>22 318 310</b>	<b>2 918 134</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2012</b>	<b>155 071 819</b>	<b>155 071 819</b>
Changes in net assets		
Fair value adjustment	674 223	674 223
Reversal of leave pay	926 892	926 892
Re-allocation of grant income	612 168	612 168
Re-allocation of creditors	104 438	104 438
Finance lease movements	322 607	322 607
Current year adjustment	232 550	232 550
Intangible asset movement	(131 759)	(131 759)
Straightlining of lease payments	(119 760)	(119 760)
Interest incorrectly charged	(43 802)	(43 802)
Residential rate less than R30 000	(490 343)	(490 343)
Net income (losses) recognised directly in net assets	2 087 214	2 087 214
Surplus for the year	2 918 134	2 918 134
Total recognised income and expenses for the year	5 005 348	5 005 348
Correction of wrong Journal processed	337 731	337 731
Total changes	5 343 079	5 343 079
Opening balance as previously reported	160 414 898	160 414 898
Adjustments		
Prior year adjustments	169 113	169 113
<b>Restated* Balance at 01 July 2013 as restated*</b>	<b>160 584 011</b>	<b>160 584 011</b>
Changes in net assets		
Impairment losses on revalued capital assets	(3)	(3)
Net income (losses) recognised directly in net assets	(3)	(3)
Surplus for the period	22 318 310	22 318 310
Total recognised income and expenses for the year	22 318 307	22 318 307
Total changes	22 318 307	22 318 307
<b>Balance at 30 June 2014</b>	<b>182 902 318</b>	<b>182 902 318</b>



**Ndwedwe Local Municipality**  
 Financial Statements for the year ended 30 June 2014

**Cash Flow Statement**

Figures in Rand	Note(s)	2014	2013 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		-	2 731 632
Grants		113 631 498	100 026 632
Interest income		3 738 426	2 276 221
Other receipts		1 178 657	854 918
VAT		396 195	-
		<u>118 944 776</u>	<u>105 889 403</u>
<b>Payments</b>			
Employee costs		(31 248 825)	(27 615 330)
Suppliers		(41 635 016)	(28 767 390)
Finance costs		(109 801)	(293 190)
VAT		-	(2 881 189)
		<u>(72 993 642)</u>	<u>(59 557 099)</u>
<b>Net cash flows from operating activities</b>	23	<u><b>45 951 134</b></u>	<u><b>46 332 304</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	<u>(28 594 398)</u>	<u>(25 052 740)</u>
<b>Movement in finance lease payments</b>			
Finance lease payments		<u>(873 853)</u>	<u>(1 668 896)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>16 482 883</b></u>	<u><b>19 610 668</b></u>
Cash and cash equivalents at the beginning of the year		40 690 884	21 370 889
<b>Cash and cash equivalents at the end of the year</b>	5	<u><b>57 173 767</b></u>	<u><b>40 981 557</b></u>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to note 36 for Reasons/explanations of variances (greater than 10%)
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Rental of facilities and equipment	200 000	-	200 000	192 283	(7 717)	Note 36 (A)
Interest received (trading)	300 000	160 000	460 000	430 548	(29 452)	Note 36 (B)
Other income	300 000	-	300 000	588 093	288 093	Note 36 (C)
Interest received - investment	3 000 000	(500 000)	2 500 000	3 738 426	1 238 426	Note 36 (D)
<b>Total revenue from exchange transactions</b>	<b>3 800 000</b>	<b>(340 000)</b>	<b>3 460 000</b>	<b>4 949 350</b>	<b>1 489 350</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	4 790 969	-	4 790 969	4 270 976	(519 993)	Note 36 (E)
Government grants & subsidies	132 252 000	689 586	132 941 586	96 400 688	(36 540 898)	Note 36 (F)

##### Transfer revenue

Public contributions and donations	-	-	-	85 709	85 709	Note 36 (G)
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<b>Total revenue from non-exchange transactions</b>	<b>137 042 969</b>	<b>689 586</b>	<b>137 732 555</b>	<b>100 757 373</b>	<b>(36 975 182)</b>	
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<b>Total revenue</b>	<b>140 842 969</b>	<b>349 586</b>	<b>141 192 555</b>	<b>105 706 723</b>	<b>(35 485 832)</b>	
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#### Expenditure

Personnel	(22 148 484)	633 464	(21 515 020)	(22 163 945)	(648 925)	Note 36 (H)
Remuneration of councillors	(8 916 438)	-	(8 916 438)	(9 084 880)	(168 442)	Note 36 (I)
Depreciation and amortisation	(3 300 000)	(6 100 000)	(9 400 000)	(11 723 350)	(2 323 350)	Note 36 (J)
Impairment loss/ Reversal of impairments	-	-	-	(65 096)	(65 096)	Note 36 (K)
Finance costs	(420 000)	-	(420 000)	(109 801)	310 199	Note 36 (L)
Debt impairment	(2 410 570)	(292 000)	(2 702 570)	(2 262 606)	439 964	Note 36 (M)
Repairs and maintenance	(8 839 699)	4 249 699	(4 590 000)	(3 211 749)	1 378 251	Note 36 (N)
Contracted Services	(3 400 000)	200 000	(3 200 000)	(3 039 393)	160 607	Note 36 (O)
General Expenses	(30 564 777)	(784 726)	(31 349 503)	(31 469 116)	(119 613)	Note 36 (P)
<b>Total expenditure</b>	<b>(79 999 968)</b>	<b>(2 093 563)</b>	<b>(82 093 531)</b>	<b>(83 129 936)</b>	<b>(1 036 405)</b>	

<b>Operating surplus</b>	<b>60 843 001</b>	<b>(1 743 977)</b>	<b>59 099 024</b>	<b>22 576 787</b>	<b>(36 522 237)</b>	
Loss on disposal of assets and liabilities	-	-	-	(258 477)	(258 477)	Note 36 (Q)

<b>Surplus before taxation</b>	<b>60 843 001</b>	<b>(1 743 977)</b>	<b>59 099 024</b>	<b>22 318 310</b>	<b>(36 780 714)</b>	
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>60 843 001</b>	<b>(1 743 977)</b>	<b>59 099 024</b>	<b>22 318 310</b>	<b>(36 780 714)</b>	
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# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to note 36 for Reasons/explanations of variances (greater than 10%)
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Receivables from exchange transactions	-	-	-	2 129 225	2 129 225
VAT receivable	-	-	-	3 516 659	3 516 659
Consumer debtors	-	-	-	1 399 877	1 399 877
Cash and cash equivalents	-	-	-	57 173 767	57 173 767
	-	-	-	<b>64 219 528</b>	<b>64 219 528</b>

##### Non-Current Assets

Property, plant and equipment	56 841 000	7 060 234	<b>63 901 234</b>	166 449 726	102 548 492
Intangible assets	-	-	-	49 359	49 359
	<b>56 841 000</b>	<b>7 060 234</b>	<b>63 901 234</b>	<b>166 499 085</b>	<b>102 597 851</b>

#### Total Assets

	<b>56 841 000</b>	<b>7 060 234</b>	<b>63 901 234</b>	<b>230 718 613</b>	<b>166 817 379</b>
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#### Liabilities

##### Current Liabilities

Finance lease obligation	-	-	-	266 639	266 639
Operating lease liability	-	-	-	429 718	429 718
Payables from exchange transactions	-	-	-	3 828 228	3 828 228
Unspent conditional grants and receipts	-	-	-	39 962 468	39 962 468
Provisions	-	-	-	2 475 317	2 475 317
	-	-	-	<b>46 962 370</b>	<b>46 962 370</b>

##### Non-Current Liabilities

Finance lease obligation	-	-	-	132 646	132 646
Provisions	-	-	-	721 279	721 279
	-	-	-	<b>853 925</b>	<b>853 925</b>

#### Total Liabilities

	-	-	-	<b>47 816 295</b>	<b>47 816 295</b>
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#### Net Assets

	<b>56 841 000</b>	<b>7 060 234</b>	<b>63 901 234</b>	<b>182 902 318</b>	<b>119 001 084</b>
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#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	56 841 000	7 060 234	<b>63 901 234</b>	182 902 318	119 001 084
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## **Accounting Policies**

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### **1. Presentation of Financial Statements**

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These 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. They are presented in South African Rand.

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

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

#### **1.1 Presentation currency**

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

#### **1.2 Comparative information**

Budget information in accordance with GRAP1 and 24, has been provided in an annexure to these financial statement and forms part of the audited annual financial statement.

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

#### **1.3 Standards, amendments to standards and interpretations issued but not yet effective**

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

GRAP 18 Segment reporting - issued March 2005

-No significant impact is expected as the municipality does not engage in segmental reporting.

GRAP 108 Statutory Receivables issued on September 2013

-No significant impact is expected as this Standard is not yet effective to the municipality.

GRAP 32 Service Concession arrangements issued on August 2013

-No significant impact is expected as this Standard is not yet effective to the municipality.

GRAP 105 Transfer of functions between entities under common control- issued November 2007

-No significant impact is expected as the municipality does not have separate entities

GRAP 106 Transfer of functions between entities under common control- issued July 2008

-No significant impact is expected as the municipality does not have separate entities.

GRAP 107 Mergers- Issued November 2010

-No significant impact is expected as the municipality did not engage in any mergers during or after the date of preparation of the annual financial statements.

#### **1.4 Going concern assumption**

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

## **Accounting Policies**

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### **1.5 Property, plant and equipment**

#### **Initial recognition**

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

Property, plant and equipment is initially measured at cost at the acquisition date.

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

#### **Initial measurement**

Property, plant and equipment is initially measured at cost at the acquisition date.

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

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

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

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

#### **Subsequent expenditure**

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

Subsequent expenditure include major spare part and serving equipment qualify as property, plant and equipment if the recognition criteria are met.

#### **Subsequent Measurement**

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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

#### **Depreciation**

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

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

#### Impairment

Refer to accounting policy number 1.10.

#### Derecognition

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

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

Item	Average useful life
Buildings	30 years
Motor vehicles	5 years
Infrastructure	
• Road and paving	15 years
• Economic Development	20 years
• Sewerage	20 years
• Electricity	20 years
Community	
• Buildings	30 years
• Recreational Facilities	20-30 years
• Security	5 years
Other property, plant and equipment	
• Informal Markets	0
• Building Improvements	20 years
• Heavy and Mobile plant	10 years
• Furniture and Fitting	7 years
• Bins and Containers	5 years
• Plant - General	5 years
• Office Equipment	3-5 years
• Other items of Plant and Equipments	3-5 years

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.6 Intangible assets

#### 1.5.1 Initial Recognition

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

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

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

Intangible assets are initially recognised at cost.

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

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

#### 1.5.2 Subsequent Measurement - Cost Model

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

#### 1.5.3 Amortisation and Impairment

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

Computer software 5 years.

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

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

#### 1.5.4 Derecognition

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

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.7 Financial instruments

#### Initial Recognition and Measurement

Financial instruments are recognised initially recognised at fair value.

#### Subsequent Measurement

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

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

Financial instruments at fair value.

Financial instruments at amortised cost.

Financial instruments at cost.

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

#### Cash and Cash Equivalent

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

#### Trade and Other Receivables

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

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

#### Debtors

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

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

#### Trade and Other Payables



# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.7 Financial instruments (continued)

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

Trade creditors and other payables are measured at fair value.

### 1.8 Value Added Taxation

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

### 1.9 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.

#### Municipality as Lessor

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

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

#### Municipality as Lessee

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

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

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

## **Accounting Policies**

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### **1.10 Impairment of assets**

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

Irrespective of whether there is any indication of impairment, the municipality also:

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

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

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

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

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

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

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

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

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

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

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.11 Provisions and contingencies

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

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

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

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

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

### 1.12 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.

### 1.13 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.

### 1.14 Irregular expenditure

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

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

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

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.14 Irregular expenditure (continued)

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

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

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

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

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

### 1.15 Capital commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources. Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases. Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.16 Revenue

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

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:  
The entity 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; and It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.  
Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

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

Interest revenue is recognised on a time proportion basis.

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

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

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

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

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

### Grant, Transfers and Donations

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

### 1.17 Events after reporting period

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

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.18 Budget information

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

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

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

### 1.19 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are 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.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### 1.20 Retirement benefits

#### Provident fund contribution

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

#### Defined contribution plans

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

### 1.21 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.

## **Accounting Policies**

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### **1.21 Related parties (continued)**

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.

**Ndwedwe Local Municipality**  
Financial Statements for the year ended 30 June 2014

**Notes to the Financial Statements**

Figures in Rand	2014	2013
<b>2. Receivables from exchange transactions</b>		
Other Debtors	1 786 769	374 877
Distribution account -KDM	2 030	2 030
Prepaid Expenses	-	233 407
Accrued revenue	340 426	-
	<b>2 129 225</b>	<b>610 314</b>
<b>3. VAT receivable</b>		
VAT	3 516 659	3 912 854
VAT is payable on the receipts basis. VAT is paid over to SARS only once payments is recieved from debtors.		
<b>4. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	9 155 411	6 580 088
Debtors with credit balance	-	109 203
	<b>9 155 411</b>	<b>6 689 291</b>
<b>Less: Allowance for impairment</b>		
Rates	(7 755 534)	(5 492 928)
<b>Net balance</b>		
Rates	1 399 877	1 087 160
Debtors with credit balances	-	109 203
	<b>1 399 877</b>	<b>1 196 363</b>
<b>Rates and other</b>		
Current (0 -30 days)	151 752	233 812
31 - 60 days	125 949	215 948
61 - 90 days	122 238	201 166
91 - 120 days	123 467	193 494
121 - 365 days	362 008	6 440 339
> 365 days	514 463	-
	<b>1 399 877</b>	<b>7 284 759</b>
<b>Electricity</b>		
Current (0 -30 days)	-	109 203



**Notes to the Financial Statements**

Figures in Rand	2014	2013
<b>4. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	36 724	33 265
31 - 60 days	36 410	33 124
61 - 90 days	35 837	32 919
91 - 120 days	35 689	32 773
121 - 365 days	102 837	1 525 565
1234949	1 767 658	-
	<b>2 015 155</b>	<b>1 657 646</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	132 049	110 974
31 - 60 days	96 276	93 680
61 - 90 days	90 291	82 677
91 - 120 days	90 681	75 561
121 - 365 days	253 773	1 883 799
> 365 days	2 417 165	-
	<b>3 080 235</b>	<b>2 246 691</b>
<b>National and provincial government</b>		
Current (0 -30 days)	97 076	89 573
31 - 60 days	97 539	89 144
61 - 90 days	97 104	85 570
91 - 120 days	96 670	85 161
121 - 365 days	287 403	81 281
> 365 days	4 217 051	2 949 694
	<b>4 892 843</b>	<b>3 380 423</b>
<b>Total</b>		
Current (0 -30 days)	265 849	343 015
31 - 60 days	230 225	215 948
61 - 90 days	223 232	201 166
91 - 120 days	223 040	193 494
121 - 365 days	8 213 230	5 735 668
	9 155 576	6 689 291
Less: Allowance for impairment	(7 755 699)	(5 492 928)
	<b>1 399 877</b>	<b>1 196 363</b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(114 095)	(99 875)
31 - 60 days	(104 275)	(96 166)
61 - 90 days	(100 994)	(89 052)
91 - 120 days	(99 572)	(84 594)
121 - 365 days	(282 004)	(240 558)
> 365 days	(7 054 594)	(4 882 683)
	<b>(7 755 534)</b>	<b>(5 492 928)</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(5 492 928)	(3 138 217)
Contributions to allowance	(2 262 606)	(2 354 711)
	<b>(7 755 534)</b>	<b>(5 492 928)</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

### 4. 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:

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 000	1 000
Bank balances	2 004 917	1 351 168
Short-term deposits	55 167 850	39 338 716
	<b>57 173 767</b>	<b>40 690 884</b>

The municipality had the following bank accounts

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
MAin Bank account 4079294191	2 004 917	-	-	2 004 917	-	-
ABSA BANK - Cheque Account						
Short Term Deposit - ABSA	868 238	12 164 032	3 731 771	868 238	12 164 032	3 731 771
CALL ACCOUNT 9123945833						
FIXED DEPOSIT 2068130142	4 938 031	-	-	4 938 031	-	-
FIXED DEPOSIT 2073633680	5 204 022	-	-	5 204 022	-	-
FIXED DEPOSIT 2074031386	5 067 047	-	-	5 067 047	-	-
FIRST NATIONAL BANK CALL	4 827 402	12 322 267	7 913 674	4 827 402	12 322 267	7 913 674
ACCOUNT 62087920635						
FIXED DEPOSIT 7439884232	6 330 705	-	-	6 330 705	-	-
FIXED DEPOSIT 74305967356	7 231 175	-	-	7 231 175	-	-
ITHALA CALL ACCOUNT	1 032 546	-	-	1 032 546	-	-
17621154						
FIXED DEPOSIT 17621146	2 000 000	-	-	2 000 000	-	-
INVESTEC BANK CALL	283 492	14 852 417	7 468 749	283 492	14 852 417	7 468 749
ACCOUNT 1100463139501						
FIXED DEPOSIT	3 163 548	-	-	3 163 548	-	-
1100463139452						
FIXED DEPOSIT	6 397 365	-	-	6 397 365	-	-
1100463139453						
FIXED DEPOSIT	4 655 056	-	-	4 655 056	-	-
1100463139454						
FIXED DEPOSIT	3 169 223	-	-	3 169 223	-	-
1100463139455						
CASH ON HAND	1 000	1 000	1 000	1 000	1 000	1 000
FIRST NATIONAL BANK	-	1 351 168	2 255 695	-	1 351 168	2 255 695
CHEQUE ACCOUNT						
<b>Total</b>	<b>57 173 767</b>	<b>40 690 884</b>	<b>21 370 889</b>	<b>57 173 767</b>	<b>40 690 884</b>	<b>21 370 889</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

### 6. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	14 466 069	(2 860 931)	11 605 138	13 642 110	(1 400 125)	12 241 985
Motor vehicles	3 590 392	(2 230 764)	1 359 628	2 764 473	(1 031 880)	1 732 593
Infrastructure	75 606 407	(24 011 526)	51 594 881	59 320 390	(4 343 945)	54 976 445
Community	59 926 040	(12 993 388)	46 932 652	54 795 784	(4 991 640)	49 804 144
Other property, plant and equipment	13 344 375	(4 210 648)	9 133 727	29 116 819	(25 159 067)	3 957 752
Work in Progress	45 823 700	-	45 823 700	26 966 063	-	26 966 063
<b>Total</b>	<b>212 756 983</b>	<b>(46 307 257)</b>	<b>166 449 726</b>	<b>186 605 639</b>	<b>(36 926 657)</b>	<b>149 678 982</b>

**Ndwedwe Local Municipality**  
Financial Statements for the year ended 30 June 2014  
**Notes to the Financial Statements**

Figures in Rand

**6. Property, plant and equipment (continued)**  
**Reconciliation of property, plant and equipment - 2014**

	Opening balance	Additions	New assets at fair value	Disposals	Transfers	Donations	Depreciation	Impairment loss	Total
Buildings	12 241 985	50 895	-	-	-	-	(687 742)	-	11 605 138
Motor vehicles	1 732 593	-	-	(193)	-	-	(347 761)	(25 011)	1 359 628
Infrastructure	54 976 445	-	-	-	3 545 379	-	(6 926 943)	-	51 594 881
Community	49 804 144	-	-	-	-	-	(2 871 492)	-	46 932 652
Other property, plant and equipment	3 957 752	5 983 598	156 888	(214 122)	-	85 709	(796 014)	(40 084)	9 133 727
Work in Progress	26 966 063	22 403 017	-	-	(3 545 380)	-	-	-	45 823 700
	<b>149 678 982</b>	<b>28 437 510</b>	<b>156 888</b>	<b>(214 315)</b>	<b>(1)</b>	<b>85 709</b>	<b>(11 629 952)</b>	<b>(65 095)</b>	<b>166 449 726</b>

**Reconciliation of property, plant and equipment - 2013**

	Opening balance	Additions	New assets at fair value	Disposals	Transfers	Prior period adjustments	Depreciation	Impairment loss	Total
Buildings	8 423 161	-	-	-	4 441 887	150 000	(402 062)	(371 001)	12 241 985
Motor vehicles	2 263 831	-	-	(65 263)	-	-	(461 875)	(4 100)	1 732 593
Infrastructure	20 889 382	-	-	-	39 677 691	7 881 562	(5 589 439)	(7 882 751)	54 976 445
Community	43 498 377	-	-	-	20 203 380	(7 712 247)	(1 969 682)	(4 215 684)	49 804 144
Other property, plant and equipment	4 180 254	435 650	679 622	(344 054)	-	-	(957 674)	(36 046)	3 957 752
Work in Progress	67 290 649	23 937 468	-	-	(64 262 054)	-	-	-	26 966 063
	<b>146 545 654</b>	<b>24 373 118</b>	<b>679 622</b>	<b>(409 317)</b>	<b>60 904</b>	<b>319 315</b>	<b>(9 380 732)</b>	<b>(12 509 582)</b>	<b>149 678 982</b>

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.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

### 7. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	229 073	(179 714)	49 359	485 162	(344 969)	140 193

#### Reconciliation of intangible assets - 2014

	Opening balance	Write-off	Amortisation	Total
Computer software, other	140 193	(44 135)	(46 699)	49 359

#### Reconciliation of intangible assets - 2013

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

### 8. Finance lease obligation

#### Minimum lease payments due

- within one year	399 285	862 810
- in second to fifth year inclusive	753 009	447 648
	1 152 294	1 310 458
less: future finance charges	(753 008)	(158 163)
<b>Present value of minimum lease payments</b>	<b>399 286</b>	<b>1 152 295</b>

#### Present value of minimum lease payments due

- within one year	309 549	753 009
- in second to fifth year inclusive	89 737	399 286
	<b>399 286</b>	<b>1 152 295</b>

Non-current liabilities

Current liabilities

132 646	399 286
266 639	873 852
<b>399 285</b>	<b>1 273 138</b>

### 9. Operating lease asset (accrual)

#### Operating lease liability

Balance at the beginning	254 790	119 760
Current year lease (accrual)	174 928	135 030
	<b>429 718</b>	<b>254 790</b>

### 10. Payables from exchange transactions

Trade payables	2 405 793	8 986 218
Retentions	1 355 076	589 585
Debtors with credit balance	67 359	109 203
	<b>3 828 228</b>	<b>9 685 006</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

### 10. Payables from exchange transactions (continued)

The fair value of trade and other payables approximates their carrying amounts.

### 11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Access Road - MIG	14 585 557	7 494 177
Bhamshela Nodal Development grant	67 677	2 346 177
CDW/LED Grant	-	22 503
Governance and Administration Expert	-	34 536
NDPG	4 615 409	244 419
IDP	-	23 104
Kwaloshe Tourism Project grant	207 529	207 529
KZN Sports & Recreation grant	230 303	100 416
DTLGA - Map grant	-	125 885
Municipal Development planning grant	-	41 492
Nhlangakazi Project grant	169 116	169 116
INEP	14 012 230	7 139 057
MISG	-	254 352
MPRA grant	-	206 575
Small Town Rehabilitation Grant	4 000 000	4 000 000
Support for Thousong centre	50 448	285 521
Synergistic Partnership grant	14 199	26 799
Technical Support MIIPS grant	10 000	10 000
Cogta Housing Connection grant	2 000 000	-
	<b>39 962 468</b>	<b>22 731 658</b>

#### Movement during the year

Balance at the beginning of the year	22 731 658	8 664 213
Additions during the year	48 261 000	41 717 632
Income recognition during the year	(31 030 190)	(27 650 187)
	<b>39 962 468</b>	<b>22 731 658</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand 2014 2013

### 12. Provisions

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Long-service awards	485 545	269 200	(33 466)	721 279
Leave pay provision	1 384 555	871 885	(213 147)	2 043 293
Salary Provision	-	432 024	-	432 024
	<b>1 870 100</b>	<b>1 573 109</b>	<b>(246 613)</b>	<b>3 196 596</b>

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Movement in provision	Prior period error	Total
Long service awards	545 649	-	(3 058)	(57 046)	485 545
Leave pay provision	1 326 514	58 041	-	-	1 384 555
	<b>1 872 163</b>	<b>58 041</b>	<b>(3 058)</b>	<b>(57 046)</b>	<b>1 870 100</b>

Non-current liabilities	721 279	485 545
Current liabilities	2 475 317	1 384 555
	<b>3 196 596</b>	<b>1 870 100</b>

### 13. Revenue

Rental of facilities and equipment	192 283	193 187
Interest received (trading)	430 548	296 136
Other income	588 093	449 013
Interest received - investment	3 738 426	2 276 221
Property rates	4 270 976	4 017 264
Government grants & subsidies	96 400 688	86 172 813
Public contributions and donations	85 709	52 645
	<b>105 706 723</b>	<b>93 457 279</b>

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

Rental of facilities and equipment	192 283	193 187
Interest received (trading)	430 548	296 136
Other income	588 093	449 013
Interest received - investment	3 738 426	2 276 221
	<b>4 949 350</b>	<b>3 214 557</b>

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

<b>Taxation revenue</b>		
Property rates	4 270 976	4 017 264
<b>Transfer revenue</b>		
Government grants & subsidies	96 400 688	86 172 813
Public contributions and donations	85 709	52 645
	<b>100 757 373</b>	<b>90 242 722</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand	2014	2013
<b>14. Property rates</b>		
<b>Rates received</b>		
Property rates	4 270 976	4 017 264
<b>Valuations</b>		
Residential	17 072 000	17 072 000
Commercial	750 000	750 000
State	59 904 000	59 904 000
Agriculture	407 342 200	407 342 200
Special Purposes	4 210 000	4 210 000
Agriculture (Residential/Commercial)	181 066 000	181 066 000
	<b>670 344 200</b>	<b>670 344 200</b>

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

Valuations on land and buildings are valid for four years. The first valuation roll came into effect on 1 July 2009.

An application extension of valuation roll was made in terms of section 32 (2) of Municipal Property Rate Act 6 of 2004 for the valuation roll to remain valid for 2013/14 financial year.

Interim valuations are processed on a quarterly basis to take into account changes on individual property values due to alterations, consolidations, subdivisions and new township development. Various rates in the Rand were applied in accordance with categories determined in terms of the Municipal Property Rates Act. Rebates applicable were applied in line with the municipal property rates policy. Rebates are levied on a monthly basis in terms of municipal rates policy and interest is charged on outstanding amounts as determined by the municipality in terms of rates policy and tariff of charges.

### 15. Government grants and subsidies

#### Operating grants

Equitable share	67 373 000	58 309 000
	<b>67 373 000</b>	<b>58 309 000</b>

#### Capital grants

Municipal Infrastructure Grant and Capital Grants	23 982 947	21 468 005
Department of Co-operative Governance and Traditional Affairs KZN	2 833 527	3 536 444
Municipal System Improvement Grant	1 742 188	545 648
Department of Finance: National Treasury	469 026	2 313 716
	<b>29 027 688</b>	<b>27 863 813</b>
	<b>96 400 688</b>	<b>86 172 813</b>

#### Equitable Share

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



# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand	2014	2013
<b>16. General expenses</b>		
Advertising	216 788	240 834
Assets expensed	449	-
Auditors remuneration	1 522 085	1 754 228
Bank charges	99 663	115 639
Cleaning	206 029	157 629
Community development and training	1 283 941	1 079 357
Computer expenses	13 859	3 590
Conditional Grant	5 158 959	7 887 280
Conferences and seminars	101 277	61 717
Consulting and professional fees	2 239 490	37 399
Consumables	-	340
Council Industrial	5 449	4 790
Council committee	91 369	137 003
Disaster Infrastructure	-	33 440
Re-location costs	6 684	-
Electricity	769 192	763 875
Entertainment	153 803	219 769
Fuel and oil	927 659	929 718
IDP Programme	499 824	599 976
IT expenses	269 200	3 058
Indigent Burial	413 300	487 400
Indigent Support	143 374	129 385
Insurance	239 123	187 127
Lease rentals on operating lease	462 879	457 270
Magazines, books and periodicals	5 705	15 581
Marketing	245 999	191 015
Medical expenses	690	-
Motor vehicle expenses	50 537	26 904
Municipal Ward Committee	1 706 565	1 585 418
National Calender	177 198	148 736
Occupational Health	536 272	224 273
Postage and courier	23 742	12 362
Printing and stationery	315 491	511 478
Property rates	697 885	42 900
Refuse	570 857	521 217
Research and development costs	1 964 817	693 537
SALGA Games	585 379	-
Skills Development	266 893	232 512
Social Responsibility	199 388	418 794
Software expenses	1 346 324	1 569 947
Sport, Arts and Recreation	790 440	794 232
Staff welfare	433 516	370 690
Subscriptions and membership fees	450 439	400 307
Sundries	195	171
Telephone and fax	770 963	891 844
Tourism development	451 105	487 328
Training	33 625	397 773
Travel - local	4 087 660	3 097 116
Uniforms	61 150	29 725
	<b>30 597 231</b>	<b>27 954 684</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand	2014	2013
<b>17. Employee related costs</b>		
Basic	14 864 601	13 213 481
Bonus	-	86 914
Medical aid - company contributions	965 694	847 928
UIF	106 317	104 510
Pension Funds	1 943 818	1 762 965
Overtime payments	524 583	383 298
Travel, Motor car and other allowances	411 366	953 579
Housing benefits and allowances	95 602	121 290
	<b>18 911 981</b>	<b>17 473 965</b>
<b>Remuneration of Municipal Manager- Thembeke Cibane (suspended since August 2013)</b>		
Annual Remuneration	738 535	696 970
Car Allowance	221 560	209 091
Contributions to UIF, Medical and Pension Funds	1 785	1 713
Backpay	7 965	-
	<b>969 845</b>	<b>907 774</b>
<b>Remuneration of Chief Finance Officer- Thula Monde Nkosi</b>		
Annual Remuneration	606 527	32 120
Car Allowance	181 958	9 636
Contributions to UIF, Medical and Pension Funds	27 190	1 502
Backpay	6 538	-
	<b>822 213</b>	<b>43 258</b>
<b>Remuneration of Director Corporate Services- Sihle Ndaba</b>		
Annual Remuneration	487 926	156 894
Car Allowance	146 378	47 068
Contributions to UIF, Medical and Pension Funds	63 232	19 984
Other	5 262	-
	<b>702 798</b>	<b>223 946</b>
Acting allowance as Municipal manager from August 2013 - March 2014	136 455	0
<b>Remuneration of Director EDP- Phakama Noble Mhlongo</b>		
Annual Remuneration	568 230	443 270
Car Allowance	172 903	132 980
Contributions to UIF, Medical and Pension Funds	1 785	1 463
Backpay	14 190	-
	<b>757 108</b>	<b>577 713</b>
Acting allowance as Municipal Manager from March - July 2014	47 592	0

**Ndwedwe Local Municipality**  
Financial Statements for the year ended 30 June 2014

**Notes to the Financial Statements**

Figures in Rand	2014	2013
<b>18. Remuneration of councillors</b>		
<b>Mayor</b>		
Executive Major	374 889	373 779
Pension Contributions	56 233	53 999
Medical Aid Contributions	27 889	25 567
Motor vehicle allowance	158 671	151 115
Cell phone and other allowances	20 868	19 872
Backpay	17 000	-
	<b>655 550</b>	<b>624 332</b>
<b>Deputy Mayor</b>		
Deputy Executive Mayor	156 173	155 750
Pension Contributions	23 426	22 453
Medical Aid Contributions	22 366	21 269
Motor vehicle allowance	69 815	66 491
Cell phone and other allowances	20 868	12 396
Backpay	7 480	-
	<b>300 128</b>	<b>278 359</b>
<b>Speaker</b>		
Speaker	285 109	287 441
Pension Contributions	42 766	41 462
Medical Aid Contributions	41 037	33 774
Motor vehicle allowance	126 936	120 892
Cell phone and other allowances	20 868	19 872
Backpay	13 600	-
	<b>530 316</b>	<b>503 441</b>
<b>Executive Committee Members and other Councillors</b>		
Majoral Committee Members	1 389 002	-
Councillors	4 637 011	5 317 120
Councillors' pension contribution	537 910	657 118
Councillors Travelling Allowance	383 077	532 667
Councillors Medical Contributions	46 714	54 173
Councillors Telephone Allowances	605 172	421 464
	<b>9 084 880</b>	<b>8 388 674</b>

**In-kind benefits**

The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the council which is included with other expenditure in the Statement of Financial Performance.

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

The Mayor has a full-time bodyguard and driver.

**19. Depreciation and amortisation**

Property, plant and equipment	11 723 350	9 380 731
Intangible assets	-	91 668
	<b>11 723 350</b>	<b>9 472 399</b>

**20. Debt impairment**

Contributions to debt impairment provision	2 262 606	2 354 711
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# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand	2014	2013
<b>21. Finance costs</b>		
Non-current borrowings	109 801	293 190
<b>22. Contracted services</b>		
Mayoral VIP services	3 039 393	2 346 624
Security services	-	755 748
	<b>3 039 393</b>	<b>3 102 372</b>
<b>23. Cash generated from operations</b>		
Surplus	22 318 310	2 918 134
<b>Adjustments for:</b>		
Depreciation and amortisation	11 723 350	9 472 399
Loss on sale of assets and liabilities	258 477	409 317
Impairment deficit	65 096	12 509 581
Debt impairment	2 262 606	2 354 711
Movements in operating lease assets and accruals	174 928	135 030
Movements in provisions	1 326 496	(2 063)
Other non-cash items	36 675	992 737
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(1 518 911)	616 436
Consumer debtors	(2 466 120)	(2 594 364)
Payables from exchange transactions	(5 856 778)	8 334 130
VAT	396 195	(2 881 189)
Unspent conditional grants and receipts	17 230 810	14 067 445
	<b>45 951 134</b>	<b>46 332 304</b>
<b>24. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for</b>		
• Infrastructure	30 526 310	16 563 743
• Community	-	4 531 053
• Other property, plant and equipment	13 611 932	550 390
• Operating lease due within one year	425 452	478 864
• Operating lease due within 2-5 years	537 763	963 215
	<b>45 101 457</b>	<b>23 087 265</b>
<b>Operating leases - as lessee (expense)</b>		
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.		
<b>25. Related parties</b>		
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) by related parties</b>		
KDM	2 030	2 030

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

### 26. Employee benefit obligations

#### Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s):

#### Other defined contribution plan

### 27. Taxation

Municipalities are exempt from paying tax in terms of section 10(1)(a) of the Income Tax Act

### 28. Prior period errors

Property, Plant and Equipment were depreciated at the tax rates. The useful lives and residual values were not appropriately considered. (Give the nature of the error.)

The following adjustments were made to amounts previously reported in the annual financial statements

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

#### Statement of financial position

Property, plant and equipment	375 441	674 223
Provisions	-	926 892
Unspent conditional grants	-	612 168
Trade and other payables	(560 914)	104 438
Finance lease liability	(120 843)	322 607
Current year adjustment	-	1 644 655
Intangible assets	-	(131 759)
Accumulated surplus	680 866	(4 153 224)
Consumer Debtors	704 671	-
Operating lease liability	(254 790)	-

### 29. Going concern

We draw attention to the fact that at 30 June 2014, the municipality had accumulated surplus of 182 902 318 and that the municipality's total assets exceed its liabilities by 182 902 318.

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

### 30. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

	2014	2013
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### 31. Fruitless and wasteful expenditure

Litigation award and car rental	25 249	-
Over payments	3 265 726	-
Recoverd	(2 064 481)	-
	<u>1 226 494</u>	<u>-</u>

### 32. Irregular expenditure

Opening balance	14 834 911	8 180 373
Add: Irregular Expenditure - current year	7 871 365	6 654 538
	<u>22 706 276</u>	<u>14 834 911</u>

### 33. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	-	400 307
Amount paid - current year	-	(400 307)
	<u>-</u>	<u>-</u>

#### Audit fees

Current year subscription / fee	1 023 134	921 178
Amount paid - current year	(1 023 134)	(921 178)
	<u>-</u>	<u>-</u>

#### PAYE and UIF

Current year subscription / fee	4 417 653	2 298 225
Amount paid - current year	(4 417 653)	(2 298 225)
	<u>-</u>	<u>-</u>

#### Pension and Medical Aid Deductions

Current year subscription / fee	2 231 011	2 230 193
Amount paid - current year	(2 231 011)	(2 230 193)
	<u>-</u>	<u>-</u>

### 34. Utilisation of Long-term liabilities reconciliation

Used to finance property, plant and equipment-at cost

	<u>-</u>	<u>-</u>
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Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

### 35. Changes in accounting policy

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

- GRAP 21 - Impairment of Non-cash generating asset
- GRAP 23 - Revenue from Non-exchange transaction
- GRAP 24 - Presentation of budget information in financial statements
- GRAP 26 - Impairment of Cash-generating assets

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

### 35. Changes in accounting policy (continued)

- GRAP 103 - Heritage Assets
- GRAP 104 - Financial Instruments
- The accounting policies were changed in accordance with these new standards of GRAP and restatements were not necessary as the above have no impact on the municipality.
- A "Budget Statement" is included with this set of financial statements in order to comply with GRAP 24

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand 2014 2013

### 36. Statement of Comparison of Budget and Actual Amounts

#### Reasons/explanations of variances ( greater than 10%)

Financial Performance	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budtget and actual	percentage
(A) Rental of facilities and equipments	200 000	-	200 000	192 283	(7 717)	(4)
(B) Interest received (trading)	300 000	160 000	460 000	430 548	(29 452)	(6)
(C) Other income (MORE TENDER DUCUMENT WERE SOLD, THEN ORIGINAL ANTICIPATED)	300 000	-	300 000	588 093	288 093	96
(D) Interest received - investment (INCREASE ON INTEREST EARNED DUE TO LOW SPENDING ON GRANTS PROJECTS)	3 000 000	(500 000)	2 500 000	3 738 426	1 238 426	50
(E) Property rates (BUDGET INCLUDED PROPERTIES WITH VALUE LESS THAN R30 000, THIS WAS AN ERROR)	4 790 969	-	4 790 969	4 270 976	(519 993)	11
(F) Government grants & subsidies (UNDER-RECOVERY DUE TO LOW SPENDING ON GRANTS PROJECT)	132 252 000	689 586	132 941 586	96 400 688	(36 540 898)	27
(G) Public contributions and donations	-	-	-	85 709	85 709	-
(H) Personnel	(22 148 484)	633 464	(21 515 020)	(22 163 945)	(648 925)	3
(I) Remuneration of councillors	(8 916 438)	-	(8 916 438)	(9 084 880)	(168 442)	2
(J) Depreciation and amortisation (BUDGETING WAS BASED ON PREVIOUS YEAR'S AFS, AND THIS IS NON-CASH ITEM)	(3 300 000)	(6 100 000)	(9 400 000)	(11 723 350)	(2 323 350)	25
(K) Impairment loss/ Reversal of impairments	-	-	-	(65 096)	(65 096)	-
(L) Finance costs (UNDERSPENDING DUE TO ANTICIPATION TO ACQUIRE FLEET IN THE YEAR, WHICH NEVER HAPPENED)	(420 000)	-	(420 000)	(109 801)	310 199	74
(M) Debt impairment (BUDGETING WAS DONE WITH REFERENCE TO PREVIOUS YEAR'S ADS, BUT ACTUAL EXPENDITURE CAME IN LOWER)	(2 410 570)	(292 600)	(2 702 570)	(2 262 606)	439 964	16
(N) Repairs and maintenance (UNDERSPENDING DUE TO CONTRACT OVER LAPPING TO THE 2015 FINANCIAL YEAR)	(8 839 699)	4 249 699	(4 590 000)	(3 211 749)	1 378 251	30
(O) Contracted Services	(3 400 000)	200 000	(3 200 000)	(3 039 393)	160 607	5
(P) General Expenses	(30 564 777)	(784 726)	(31 349 503)	(31 469 116)	(119 613)	-
(Q) Loss on disposal of assets and liabilities	-	-	-	(258 477)	(258 477)	-
<b>Total</b>	<b>60 843 001</b>	<b>(1 744 577)</b>	<b>59 099 024</b>	<b>22 318 310</b>	<b>(36 780 714)</b>	<b>329</b>
	<b>60 843 001</b>	<b>(1 744 577)</b>	<b>59 099 024</b>	<b>22 318 310</b>	<b>(36 780 714)</b>	<b>329</b>



# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

### 37. Employee benefit obligations

#### Defined benefit plan

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

#### Kwazulu-Natal Joint Municipality Provident Fund

##### Actuarial valuation as at 31 March 2013

#### Results of the valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R18 897 000 is required to be held in the Risk Reserve Account. The market value of the assets exceeded the liabilities by R187 820 000 at the valuation date. At the previous valuation date there was a surplus. The Fund is financially sound as at the valuation date.

#### Benefits

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

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

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

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

: Benefit on retirement because of ill health - Full benefit.

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

#### Contributions

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

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

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

#### Asset allocation

Domestic Investments:	R1 399 436 000
International Investments	R356 769 000
Risk Reserve Account	R18 897 000
Unallocated Assets (deficit)	R66 473 000
Membership	10 579 members

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

### Long Service Award Liability

#### Introduction

In estimating the unfunded liability for LSA of the Municipality a number of actuarial assumptions are required. The GRAP 25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

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

The key financial and demographic assumptions are summarised below.

#### Key Financial Assumptions

The summary of the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year.

Assumptions	Value p.a.
Discount rate	8.36%
General Salary Inflation (long-term)	7.35%
Net effective discount rate	0.94%

The salaries used in the valuation include an assumed increase on 1 July 2014 of 6.79% as per the SALGBC Circular No.: 3/2014. The next salary increase was assumed to take place on 1 July 2015.

#### Key demographic Assumptions

The summary of the key demographic assumptions used.

Assumptions	Value	Rate	
Average retirement age	60		
Mortality during employment	SA 85-90		
Withdrawal from service (sample annual rates)	Age	Female	Male
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	55	0%	0%

### Result

#### Introduction

The results presented in this report focus on the Accrued Liability, as described in Section 4.2. This section contains a summary of the results.

#### Accrued Liability

The summary of the Unfunded Accrued Liability as at 30 June 2014.

#### Unfunded Accrued Liability

	30/06/2013	30/06/2014
Total Value of Liabilities	548 545	721 279
Value of Assets	0	0
Unfunded Accrued Liability	485 545	721 279

#### Current-Service and Interest Costs

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2014

## Notes to the Financial Statements

Figures in Rand

2014

2013

The summary of the Current-service Cost and the Interest Cost for the current and next financial years.

### Current-Service and Interest Costs

	Year ending 30/06/2013	Year ending 30/06/2014
Current-service Cost	77,724	104,632
Interest Cost	38,157	59,157

Notes:

(i) The Current-service Cost reflects the additional liability that is expected to accrue in respect of in-service members' service over the corresponding year.

(ii) The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit vestings, over the corresponding year. This arises because all future LSA benefits are one year closer to payment.

### 38. Financial instruments disclosure

#### Categories of financial instruments

2014

#### Financial assets

	At fair value	At amortised cost	Total
Consumer debtors	-	9 792 723	9 792 723
Cash and cash equivalents	55 167 850	-	55 167 850
Bank balance	2 004 917	-	2 004 917
Interest on outstanding debtors	-	430 548	430 548
	<b>57 172 767</b>	<b>10 223 271</b>	<b>67 396 038</b>

In accordance with GRAP 104.3 the financial assets of the municipality were classified as above.

### 39. Risk management

#### 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.

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

Financial instrument	2014	2013
Consumer Debtors	2 232 699	1 901 034
Cash and cash equivalent	57 173 767	40 682 036
Trade and other receivables from exchange transactions	1 788 799	376 907

#### Interest rate risk

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

**Ndwedwe Local Municipality  
Ndwedwe Local Municipality  
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2014  
Cost/Revaluation  
Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly Identified Assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	150 000	-	-	-	-	-	150 000	-	-	-	-	-	-	150 000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	14 265 175	50 894	-	-	-	-	14 316 069	(2 173 190)	-	-	(687 742)	-	(2 860 932)	11 455 137
Office Buildings	14 415 175	50 894	-	-	-	-	14 466 069	(2 173 190)	-	-	(687 742)	-	(2 860 932)	11 605 137
<b>Infrastructure</b>														
Roads, Pavements & Bridges	71 992 600	-	-	3 545 380	-	-	75 537 980	(17 072 793)	-	-	(6 920 654)	-	(23 993 447)	51 544 533
Solid Waste Generation	68 427	-	-	-	-	-	68 427	(11 790)	-	-	(6 289)	-	(18 079)	50 348
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WiFi infrastructure)	-	-	-	(3 545 380)	-	-	45 823 700	-	-	-	-	-	-	45 823 700
W.I.P	26 966 067	22 403 013	-	-	-	-	49 369 080	-	-	-	-	-	-	49 369 080
	<b>99 027 084</b>	<b>22 403 013</b>	-	-	-	-	<b>121 430 107</b>	<b>(17 084 583)</b>	-	-	<b>(6 926 943)</b>	-	<b>(24 011 526)</b>	<b>97 418 581</b>
<b>Community Assets</b>														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	59 926 040	-	-	-	-	-	59 926 040	(10 121 895)	-	-	(2 671 492)	-	(12 993 387)	46 932 653
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>59 926 040</b>	-	-	-	-	-	<b>59 926 040</b>	<b>(10 121 895)</b>	-	-	<b>(2 671 492)</b>	-	<b>(12 993 387)</b>	<b>46 932 653</b>

**Ndwedwe Local Municipality  
Ndwedwe Local Municipality  
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2014  
Cost/Revaluation**

**Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly Identified Assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Specialised vehicles</b>														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>														
Transport Assets	3 591 292	-	(900)	-	-	-	3 590 392	(1 868 697)	705	-	(347 761)	(25 011)	(2 230 764)	1 359 628
Machinery & equipment	3 549 856	5 613 123	(24 070)	-	149 602	-	9 288 511	(1 818 345)	16 548	-	(232 045)	(3 674)	(2 039 616)	7 248 995
Computer Equipment	1 987 217	162 634	(462 510)	-	4 716	-	1 692 057	(1 008 762)	356 338	-	(281 421)	(14 335)	(946 180)	745 877
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office equipment	2 307 552	293 550	(239 864)	-	2 570	-	2 363 808	(1 061 761)	139 437	-	(282 548)	(20 075)	(1 224 947)	1 138 861
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>11 435 917</b>	<b>6 069 307</b>	<b>(727 344)</b>	-	<b>156 888</b>	-	<b>16 934 768</b>	<b>(5 745 565)</b>	<b>513 028</b>	-	<b>(1 143 775)</b>	<b>(65 095)</b>	<b>(6 441 407)</b>	<b>10 493 361</b>

**Ndwedwe Local Municipality  
Ndwedwe Local Municipality  
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2014  
Cost/Revaluation  
Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly identified Assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	14 415 175	50 894	-	-	-	-	14 466 069	(2 173 190)	-	-	(687 742)	-	(2 860 932)	11 605 137
Infrastructure	99 027 094	22 403 013	-	-	-	-	121 430 107	(17 084 583)	-	-	(6 926 943)	-	(24 011 526)	97 418 581
Community Assets	59 926 040	-	-	-	-	-	59 926 040	(10 121 895)	-	-	(2 871 492)	-	(12 993 387)	46 932 653
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	11 435 917	6 069 307	(727 344)	-	156 888	-	16 834 768	(5 745 565)	513 028	-	(1 143 775)	(65 095)	(6 441 407)	10 493 361
	<b>184 804 226</b>	<b>28 523 214</b>	<b>(727 344)</b>	<b>-</b>	<b>156 888</b>	<b>-</b>	<b>212 756 984</b>	<b>(35 125 233)</b>	<b>513 028</b>	<b>-</b>	<b>(11 629 952)</b>	<b>(65 095)</b>	<b>(46 307 252)</b>	<b>166 449 732</b>
<b>Agricultural/Biological assets</b>														
Agricultural Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>														
Computers - software & programming	485 162	(256 090)	-	-	-	-	229 072	(344 969)	211 954	-	(46 699)	-	(179 714)	49 358
Other	485 162	(256 090)	-	-	-	-	229 072	(344 969)	211 954	-	(46 699)	-	(179 714)	49 358
<b>Investment properties</b>														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>														
Land and buildings	14 415 175	50 894	-	-	-	-	14 466 069	(2 173 190)	-	-	(687 742)	-	(2 860 932)	11 605 137
Infrastructure	99 027 094	22 403 013	-	-	-	-	121 430 107	(17 084 583)	-	-	(6 926 943)	-	(24 011 526)	97 418 581
Community Assets	59 926 040	-	-	-	-	-	59 926 040	(10 121 895)	-	-	(2 871 492)	-	(12 993 387)	46 932 653
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	11 435 917	6 069 307	(727 344)	-	156 888	-	16 834 768	(5 745 565)	513 028	-	(1 143 775)	(65 095)	(6 441 407)	10 493 361
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	485 162	(256 090)	-	-	-	-	229 072	(344 969)	211 954	-	(46 699)	-	(179 714)	49 358
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>185 289 388</b>	<b>28 267 124</b>	<b>(727 344)</b>	<b>-</b>	<b>156 888</b>	<b>-</b>	<b>212 886 056</b>	<b>(35 470 202)</b>	<b>724 982</b>	<b>-</b>	<b>(11 676 651)</b>	<b>(65 095)</b>	<b>(46 486 966)</b>	<b>166 499 080</b>

**Ndwedwe Local Municipality  
Ndwedwe Local Municipality  
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2013  
Cost/Revaluation Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers	Newly identified assets at fair value	Other changes, movements	Closing Balance	Operating Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	150 000	-	-	-	-	-	150 000	-	-	-	-	-	-	150 000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	9 823 288	-	-	4 441 887	-	-	14 265 175	(1 400 127)	-	-	(402 062)	(371 001)	(2 173 190)	12 091 985
Buildings (Separate for AFS purposes)	9 973 288	-	-	4 441 887	-	-	14 415 175	(1 400 127)	-	-	(402 062)	(371 001)	(2 173 190)	12 241 985
<b>Infrastructure</b>														
Roads, Pavements & Bridges	32 314 910	-	-	39 677 691	-	-	71 992 601	(3 605 162)	-	-	(5 584 880)	(7 882 750)	(17 072 792)	54 919 809
Solid Waste Disposal	68 427	-	-	-	-	-	68 427	(7 231)	-	-	(4 559)	-	(11 790)	56 637
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WiFi infrastructure)	67 290 651	23 998 372	-	(64 322 957)	-	-	26 966 066	-	-	-	-	-	-	26 966 066
<b>W.I.P</b>	<b>99 673 988</b>	<b>23 998 372</b>	<b>-</b>	<b>(24 645 266)</b>	<b>-</b>	<b>-</b>	<b>99 027 094</b>	<b>(3 612 393)</b>	<b>-</b>	<b>-</b>	<b>(9 589 439)</b>	<b>(7 882 750)</b>	<b>(17 094 562)</b>	<b>81 942 512</b>
<b>Community Assets</b>														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	39 722 660	-	-	20 203 380	-	-	59 926 040	(3 936 530)	-	-	(1 969 681)	(4 215 684)	(10 121 895)	49 804 145
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>39 722 660</b>	<b>-</b>	<b>-</b>	<b>20 203 380</b>	<b>-</b>	<b>-</b>	<b>59 926 040</b>	<b>(3 936 530)</b>	<b>-</b>	<b>-</b>	<b>(1 969 681)</b>	<b>(4 215 684)</b>	<b>(10 121 895)</b>	<b>49 804 145</b>

**Ndwedwe Local Municipality  
Ndwedwe Local Municipality  
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2013  
Cost/Revaluation  
Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly identified assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Specialised vehicles</b>														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>														
General vehicles	3 810 728	-	(219 436)	-	-	-	3 591 292	(1 546 895)	154 172	-	(461 874)	(4 100)	(1 858 897)	1 732 595
Machinery and equipment	3 732 589	88 958	(387 887)	-	116 196	-	3 549 856	(1 820 035)	289 431	-	(284 640)	(3 101)	(1 818 345)	1 731 511
Computer Equipment	2 287 604	210 834	(702 682)	-	191 460	-	1 987 216	(1 126 937)	531 867	-	(399 018)	(12 694)	(1 006 762)	980 454
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and office equipment	2 073 561	135 858	(273 833)	-	371 966	-	2 307 552	(966 529)	199 029	-	(274 015)	(20 251)	(1 061 766)	1 245 786
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Boatlifts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11 904 482</b>	<b>435 650</b>	<b>(1 583 838)</b>	<b>-</b>	<b>679 622</b>	<b>-</b>	<b>11 435 916</b>	<b>(5 460 396)</b>	<b>1 174 519</b>	<b>-</b>	<b>(1 419 547)</b>	<b>(40 146)</b>	<b>(5 745 570)</b>	<b>5 690 346</b>



