



Ndwedwe Local Municipality
Annual financial statements
for the year ended 30 June 2016

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

General Information

Councillors

Mayor

M Hadebe

Councillors

EN Blose Deputy Mayor

MJ Zondi Speaker

VC Shangase Member of the Executive Committee

MI Tshaba Member of the Executive Committee

MP Busane Member of the Executive Committee

RM Cele Member of the Executive Committee

ML Sibiyi Member of the Executive Committee

SB Sibisi (Ward Councillor)

MM Khuzwayo (Ward Councillor)

MN Gwamanda (Ward Councillor)

SE Diadla (Ward Councillor)

BJ Blose (Ward Councillor)

BM Ngcobo (Ward Councillor)

TF Dlamini (Ward Councillor)

LM Ngcobo (Ward Councillor)

NP Ngcobo (Party Representative)

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)

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)

SK Mzobe (Party Representative)

KW Madlala (Party Representative)

PB Nembe (Party Representative)

RT Nkwanyana (Party Representative)

Accounting Officers

T Cibane

Municipal Manager

Chief Finance Officer (CFO)

T Nkosi

Auditors

The Auditor General of South Africa

Bankers

ABSA Bank Verulam Branch

Registered office

Ndwedwe Local Municipality

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

General Information

Business address

P100
Ndwedwe
4342

Postal address

P/Bag X 503
Ndwedwe
4342

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 11
Accounting Policies	12 - 20
Notes to the Annual Financial Statements	22 - 44
Appendixes:	
Appendix B: Analysis of Property, Plant and Equipment	45

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The Accounting Officer have reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

As an Accounting Officer I am responsible for the preparation of these annual financial statements, which are set out on pages **s 5 to 44**, 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 18 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.

T Cibane
Municipal Manager

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Operating lease asset	9	-	182 022
Receivables from exchange transactions	2	4 858 561	2 873 903
VAT receivable	3	10 228 029	2 868 717
Consumer debtors	4	2 802 971	1 572 902
Cash and cash equivalents	5	109 379 701	76 667 391
		127 269 262	84 164 935
Non-Current Assets			
Property, plant and equipment	6	262 356 606	219 728 891
Intangible assets	7	16 465	24 712
		262 373 071	219 753 603
Total Assets		389 642 333	303 918 538
Liabilities			
Current Liabilities			
Finance lease obligation	8	-	132 646
Operating lease liability	9	9 419	-
Payables from exchange transactions	10	15 881 899	9 796 548
Unspent conditional grants and receipts	11	8 456 776	18 921 027
Provisions	12	4 178 966	3 157 687
		28 527 060	32 007 908
Non-Current Liabilities			
Provisions	12	1 142 384	925 715
Total Liabilities		29 669 444	32 933 623
Net Assets		359 972 889	270 984 915
Accumulated surplus		359 972 889	270 984 915

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment		317 263	430 571
Interest received (trading)		425 670	543 212
Other income		309 722	839 936
Interest received - investment		7 886 602	5 490 718
Total revenue from exchange transactions		8 939 257	7 304 437
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	14	9 289 039	5 559 641
Transfer revenue			
Government grants & subsidies	15	171 368 250	160 953 500
Public contributions and donations		-	663 800
Total revenue from non-exchange transactions		180 657 289	167 176 941
Total revenue	13	189 596 546	174 481 378
Expenditure			
Employees related cost	17	(29 830 906)	(28 653 001)
Remuneration of councillors	18	(10 051 718)	(9 645 978)
Depreciation and amortisation	19	(15 474 097)	(12 528 286)
Impairment loss/ Reversal of impairments		(873 698)	(709 950)
Finance costs	21	(11 870)	(218 689)
Lease rentals on operating lease		(250 629)	(304 980)
Debt Impairment	20	(1 884 014)	736 021
Repairs and maintenance		(3 896 150)	(3 365 594)
Contracted services	22	(5 779 412)	(4 756 392)
General Expenses	16	(32 134 856)	(30 337 114)
Increase in provision for leave		(849 921)	(603 503)
Total expenditure		(101 037 271)	(90 387 466)
Operating surplus		88 559 275	84 093 912
Gain (loss) on disposal of assets and liabilities		428 699	(89 778)
Surplus for the period		88 987 974	84 004 134

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	188 269 025	188 269 025
Adjustments		
Correction of errors	(1 288 244)	(1 288 244)
Balance at 01 July 2014 as restated*	186 980 781	186 980 781
Changes in net assets		
Surplus for the year	84 004 134	84 004 134
Total changes	84 004 134	84 004 134
Restated* Balance at 01 July 2015	270 984 915	270 984 915
Changes in net assets		
Surplus for the year	88 987 974	88 987 974
Total changes	88 987 974	88 987 974
Balance at 30 June 2016	359 972 889	359 972 889

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Grants		160 904 000	150 121 186
Interest income		7 300 532	5 038 146
Other receipts		5 366 775	5 494 003
		<u>173 571 307</u>	<u>160 653 335</u>
Payments			
Employee costs		(39 892 300)	(37 396 871)
Suppliers		(47 096 174)	(37 549 717)
Finance costs		(11 870)	(218 689)
		<u>(87 000 344)</u>	<u>(75 165 277)</u>
Net cash flows from operating activities	23	<u>86 570 963</u>	<u>85 488 058</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	<u>(53 726 007)</u>	<u>(66 038 362)</u>
Movement in finance lease payments			
Finance lease payments		<u>(132 646)</u>	<u>(266 639)</u>
Net increase/(decrease) in cash and cash equivalents		32 712 310	19 183 057
Cash and cash equivalents at the beginning of the year		<u>76 667 391</u>	<u>57 484 334</u>
Cash and cash equivalents at the end of the year	5	<u>109 379 701</u>	<u>76 667 391</u>

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage	Reference
Figures in Rand							
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Rental of facilities and equipment	361 650	(161 650)	200 000	317 263	117 263	58.63%	
Interest received (trading)	945 334	(525 334)	420 000	425 670	5 670	1.35%	1
Other income	170 000	180 000	350 000	309 722	(40 278)	(11.50)%	2
Interest received - investment	1 565 000	3 435 000	5 000 000	7 886 602	2 886 602	57.73%	3
Total revenue from exchange transactions	3 041 984	2 928 016	5 970 000	8 939 257	2 969 257		
Revenue from non-exchange transactions							
Taxation revenue							
Property rates	7 417 390	-	7 417 390	9 289 039	1 871 649	25.23%	3
Transfer revenue							
Government grants & subsidies	167 460 000	5 000 000	172 460 000	171 368 250	(1 091 750)	(0.63)%	
Total revenue from non-exchange transactions	174 877 390	5 000 000	179 877 390	180 657 289	779 899		
Total revenue	177 919 374	7 928 016	185 847 390	189 596 546	3 749 156	2.02 %	
Expenditure							
Personnel	(35 050 823)	4 071 767	(30 979 056)	(30 680 827)	298 229	(0.96)%	
Remuneration of councillors	(10 330 792)	-	(10 330 792)	(10 051 718)	279 074	(2.70)%	
Depreciation and amortisation	(14 472 000)	-	(14 472 000)	(15 474 097)	(1 002 097)	6.92%	
Impairment loss/ Reversal of impairments	-	-	-	(873 698)	(873 698)		
Finance costs	(50 000)	40 000	(10 000)	(11 870)	(1 870)	18.70%	4
Bad debts written off	(3 409 357)	409 357	(3 000 000)	(1 884 014)	1 115 986	(37.20)%	5
Repairs and maintenance	(9 598 939)	3 260 000	(6 338 939)	(3 896 150)	2 442 789	(38.53)%	6
Contracted Services	(6 437 180)	-	(6 437 180)	(5 779 412)	657 768	(10.22)%	7
General Expenses	(36 643 293)	(3 739 532)	(40 382 825)	(32 385 485)	7 997 340	(19.80)%	7
Total expenditure	(115 992 384)	4 041 592	(111 950 792)	(101 037 271)	10 913 521		
Gain on disposal of assets and liabilities	-	-	-	428 699	428 699		
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	61 926 990	11 969 608	73 896 598	88 987 974	15 091 376		

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Comments

1 Income in line with expectations.

2 Tender documents income will vary, based on the number of tenders advertised in 2015/16.

3 Increase in interest earned due to income recognised from grants and increases in interest rates. Underbudgeting due to the new properties not considered during the adjustment budget process.

4 Interest costs incurred due fleet payments and overdue accounts.

5 Overbudgeting for debt impairment due to overstated debtors in the prior period.

6 Costs incurred for road and other repairs and maintenance in 2015/16.

7 Contracted service costs and general expenses are less than budget due to cost-cutting measures implemented.

18 The Original Budget reflected R52 517 000. The adjustment was R5 000 000. Total Adjustment Budget for the 2015-16 year was R57 517 000. Property, plant and equipment 2016 additions totalled R59 657 072 (refer to note 6).

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	3 485 000	-	3 485 000	4 858 561	1 373 561	
VAT receivable	-	-	-	10 228 029	10 228 029	
Consumer debtors	2 873 000	(10 000)	2 863 000	2 802 971	(60 029)	
Cash and cash equivalents	79 972 000	-	79 972 000	109 379 701	29 407 701	
	86 330 000	(10 000)	86 320 000	127 269 262	40 949 262	
Non-Current Assets						
Property, plant and equipment	287 920 000	(13 591 000)	274 329 000	262 356 606	(11 972 394)	8
Intangible assets	-	229 000	229 000	16 465	(212 535)	
	287 920 000	(13 362 000)	274 558 000	262 373 071	(12 184 929)	
Total Assets	374 250 000	(13 372 000)	360 878 000	389 642 333	28 764 333	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	-	9 419	9 419	
Payables from exchange transactions	30 893 000	(15 000 000)	15 893 000	15 881 895	(11 105)	
Unspent conditional grants and receipts	-	-	-	8 456 776	8 456 776	
Provisions	-	-	-	4 178 966	4 178 966	
	30 893 000	(15 000 000)	15 893 000	28 527 056	12 634 056	
Non-Current Liabilities						
Provisions	906 000	528 000	1 434 000	1 142 384	(291 616)	
Total Liabilities	31 799 000	(14 472 000)	17 327 000	29 669 440	12 342 440	
Net Assets	342 451 000	1 100 000	343 551 000	359 972 893	16 421 893	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	342 451 000	1 100 000	343 551 000	359 972 893	16 421 893	

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Comparative figures

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 correct 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 adopted by the municipality:

GRAP 108 Statutory Receivables - Issued September 2013

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

GRAP 109 Accounting By Principals and Agents - Issued July 2015

-Expected impact: Immediate.

GRAP 32 Service Concession arrangements - Issued August 2013

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

GRAP 20 Related Party Disclosures - Issued June 2011 - Expected impact: Immediate

iGRAP 17 Service Concession Arrangements where a Grantor controls a significant residual interest in an asset - Issued August 2013

-Expected impact: No significant impact is expected.

Amendments to GRAP 16 (Investment Properties) and 17 (Property, Plant and Equipment) - Issued July 2015

-Expected impact: Immediate for Property, Plant and Equipment (The standard is not yet effective to the municipality. Expected date that the standard will be effective: 01 July 2016)

1.4 Going concern assumption

These annual 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.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised. Subsequent measurement - When the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure includes major parts that qualify as property, plant and equipment if the recognition criteria are met.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. 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. Component of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the estimated average asset useful lives.

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

Item	Average useful life
Buildings	30 years
Motor vehicles	5-7 years
• Graders	15 years
• Trucks	7 years

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Property, plant and equipment (continued)

Infrastructure

• Roads	10 years
• Street lights	40 years
• Bridges	30 years
• Stormwater pipes	50 years
• Electricity	20 years

Community

• Buildings	30 years
• Recreational Facilities	20-30 years
• Sportsfields	30 years

Other property, plant and equipment

• Building Improvements	30 years
• Heavy and Mobile plant	10 years
• Furniture and fittings	7 years
• Bins and containers	15 years
• Parkhome	7 years
• Office equipment	3-5 years
• Other items of plant and equipment	5-7 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Intangible assets

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

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

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

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

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Intangible assets (continued)

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software	5 years

1.7 Financial instruments

Initial Recognition and Measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments. The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets. For financial instruments which are not fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The fair values of quoted investments are based on current bid prices. Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method. Financial liabilities are reflected at amortised cost and are subsequently measured at amortised cost, using the effective interest rate method.

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

Cash and Cash Equivalents

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

Trade and Other Receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. 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 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.

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

Trade and Other Payables

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

Trade creditors and other payables are measured at fair value.

1.8 Taxation

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.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.9 Leases (continued)

Municipality as Lessee

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

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

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

1.10 Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the municipality estimates the recoverable service amount of the asset. Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

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

Useful life is either:

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

Non-cash generating assets are assets other than cash generating assets. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation/amortisation. Recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. A reversal of an impairment loss for a non-cash generating asset is recognised immediately in surplus or deficit.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

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.

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.

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 is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003): -

- (a) the Municipal Systems Act (Act No. 32 of 2000)
- (b) the Public Office Bearers Act (Act No. 20 of 1998) or
- (c) is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure.

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.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Irregular expenditure (continued)

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

Irregular expenditure is 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.

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.

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.

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 are passed to the consumer.

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 date

A new municipal council shall be appointed after the municipal elections held on 03 August 2016.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

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

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. Additional information is disclosed in note 34.

Other employee 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. Termination benefits are employee benefits payable as a result of either: an entity's decision to terminate an employee's employment before normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits.

1.20 Related parties

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

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

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

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

1.21 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.21 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of intangible and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of intangible and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Post retirement benefits

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Where an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service: as a liability (accrued expense), after deducting any contribution paid or as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. Contributions are made to the Kwazulu-Natal Joint Municipality Provident Fund by the municipality. Members may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments. Participating employers contribute at a rate of 1.95 times of their members contribution.

Other key assumptions for provident fund obligations are based on current market conditions. Additional information is disclosed in Note 34.

Allowance for doubtful debts

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
2. Receivables from exchange transactions		
Other Debtors	4 270 461	2 419 301
Distribution account -KDM	2 030	2 030
Accrued revenue	586 070	452 572
	4 858 561	2 873 903
Other debtors consist of:		
Salaries suspense	222 721	232 397
Sundry debtors	3 560 463	1 699 627
Salary over-payments	487 277	487 277
	4 270 461	2 419 301
<p>Salary over-payments of R487 277 refers to an amount allegedly misappropriated by the Payroll Officer, the matter is still to be dealt with accordingly through disciplinary processes.</p> <p>Included in Other Debtors of R4 270 461, is an amount of R1 214 879 which relates to an overpayment of creditors in prior year, the amount is deemed to be recoverable, hence no provision has been raised. The Municipality has handed the creditors over to appointed attorneys regarding recoverability and collection. Other Debtors also include the proceeds on asset disposal received subsequent to the 2015-16 financial year, outstanding rental debtor amounts and amounts owing from the Department of Transport.</p>		
3. VAT receivable		
VAT	10 228 029	2 868 717
<p>VAT is payable on the payment basis. VAT is paid over to SARS only once payments is received from debtors.</p>		
4. Consumer debtors		
Gross balances		
Rates	8 067 827	4 953 744
Less: Allowance for impairment		
Rates	(5 264 856)	(3 380 842)
Net balance		
Rates	2 802 971	1 572 902
Rates		
Current (0 -30 days)	380 278	335 185
31 - 60 days	91 863	141 731
61 - 90 days	77 940	86 601
91 - 120 days	78 677	67 210
121 - 365 days	464 669	592 916
> 365 days	1 709 544	349 259
	2 802 971	1 572 902

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
4. Consumer debtors (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	36 087	96 020
31 - 60 days	38 592	33 921
61 - 90 days	35 492	33 477
91 - 120 days	35 320	28 627
121 - 365 days	104 332	113 996
> 365 days	988 642	599 196
	1 238 465	905 237
Industrial/ commercial		
Current (0 -30 days)	292 911	152 146
31 - 60 days	237 755	122 138
61 - 90 days	225 782	106 972
91 - 120 days	224 377	106 980
121 - 365 days	461 948	425 958
> 365 days	3 351 876	1 957 504
	4 794 649	2 871 698
National and provincial government		
Current (0 -30 days)	51 279	120 591
31 - 60 days	88 688	103 309
61 - 90 days	50 986	63 328
91 - 120 days	49 901	49 035
121 - 365 days	127 928	165 812
> 365 days	1 665 931	674 734
	2 034 713	1 176 809
Total		
Current (0 -30 days)	380 278	368 758
31 - 60 days	365 035	259 369
61 - 90 days	312 261	203 777
91 - 120 days	309 599	184 641
121 - 365 days	694 207	705 765
> 365 days	6 006 447	3 231 434
	8 067 827	4 953 744
Less: Allowance for impairment	(5 264 856)	(3 380 842)
	2 802 971	1 572 902
Less: Allowance for impairment		
Current (0 -30 days)	-	(33 573)
31 - 60 days	(273 171)	(117 638)
61 - 90 days	(234 321)	(117 176)
91 - 120 days	(230 922)	(117 431)
121 - 365 days	(229 538)	(112 850)
> 365 days	(4 296 904)	(2 882 174)
	(5 264 856)	(3 380 842)

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
4. Consumer debtors (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(3 380 842)	(4 116 864)
Debt impairment written off against allowance	(1 884 014)	-
Reversal of allowance	-	736 022
	(5 264 856)	(3 380 842)

Credit quality of consumer debtors

The municipality profiled all debtors according to their risk profile. The risk profile was then used to calculate the doubtful debts provision.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 000	1 000
Bank balances	2 637 265	3 366 395
Short-term deposits	106 741 436	73 299 996
	109 379 701	76 667 391

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Main Bank account ABSA BANK - Cheque Account 4079294191	1 067 882	5 760 130	970 571	3 366 395
Short-term deposit - ABSA CALL ACCOUNT 9123945833	1 018 893	6 550 966	1 018 893	6 550 966
Fixed deposit - ABSA BANK Account 2068130142	5 630 349	5 245 810	5 630 349	5 245 810
Fixed deposit - ABSA Bank Account 2073633680	5 897 772	5 529 572	5 897 772	5 529 572
FNB Call Account 62087920635	4 465 438	4 196 455	4 465 438	4 196 455
FNB Fixed Deposit Account 74398842432	7 169 290	6 715 650	7 169 290	6 715 650
FNB Fixed Deposit Account 74305967356	8 218 394	7 678 750	8 218 394	7 678 750
FNB Fixed Deposit Account 74549519434	130 010	-	130 010	-
Ithala Fixed Deposit Account 17621146	2 265 608	2 124 016	2 265 608	2 124 016
Ithala Fixed Deposit Account 17627657	-	5 236 602	-	5 236 602
Ithala Fixed Deposit Account 17651276	5 254 099	-	5 254 099	-
Ithala Fixed Deposit Account 17656341	6 779 838	-	6 779 838	-
Ithala Fixed Deposit Account 17651945	5 253 431	-	5 253 431	-
Ithala Call Account 17621154	3 822 441	5 994 745	3 822 441	5 994 745
Investec Call Account 1100463139502	10 545 852	3 979 500	10 545 852	3 979 500
Investec Fixed Deposit Account 1100463139450	6 801 213	3 366 007	6 801 213	3 366 007
Investec Fixed Deposit Account 1100463139454	5 282 074	4 945 195	5 282 074	4 945 195
Investec Fixed Deposit Account 1100463139455	3 596 105	3 366 753	3 596 105	3 366 753
FNB Cheque Account 62027922930	1 671 069	1 778 992	1 666 699	-
Cash on hand	1 000	1 000	1 000	1 000
Investec Fixed Deposit Account 1100463139451	5 331 011	-	5 331 011	-
Standard Bank Call Account 058681019001	5 590 124	5 344 994	5 590 124	5 344 994
Standard Bank Call Account 058681019005	-	3 024 981	-	3 024 981
Standard Bank Call Account 058681019011	3 166 853	-	3 166 853	-
Standard Bank Call Account 058681019013	5 246 606	-	5 246 606	-
ABSA Fixed Deposit Account 2075383437	5 276 030	-	5 276 030	-
Total	109 481 382	80 840 118	109 379 701	76 667 391

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	13 988 466	(4 140 675)	9 847 791	13 988 466	(3 357 015)	10 631 451
Motor vehicles	9 051 809	(1 948 619)	7 103 190	9 742 058	(2 765 321)	6 976 737
Infrastructure	119 138 406	(41 722 283)	77 416 123	97 359 373	(32 386 350)	64 973 023
Community	73 278 131	(20 531 315)	52 746 816	69 417 168	(16 918 909)	52 498 259
Other property, plant and equipment	15 212 939	(6 328 662)	8 884 277	14 707 097	(5 274 567)	9 432 530
Work in Progress	106 358 409	-	106 358 409	75 216 891	-	75 216 891
Total	337 028 160	(74 671 554)	262 356 606	280 431 053	(60 702 162)	219 728 891

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	10 631 451	-	-	-	-	(638 265)	(145 395)	9 847 791
Motor vehicles	6 976 737	2 134 151	(641 679)	-	-	(1 366 019)	-	7 103 190
Infrastructure	64 973 023	-	-	21 779 033	-	(8 964 472)	(371 461)	77 416 123
Community	52 498 259	-	(30 478)	3 913 273	-	(3 283 218)	(351 020)	52 746 816
Other property, plant and equipment	9 432 530	689 097	(17 653)	-	-	(1 213 876)	(5 821)	8 884 277
Work in Progress	75 216 891	56 833 824	-	(25 692 306)	-	-	-	106 358 409
	219 728 891	59 657 072	(689 810)	-	-	(15 465 850)	(873 697)	262 356 606

Reconciliation of property, plant and equipment - 2015

	Opening balance	Restatements	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	11 127 534	-	-	-	131 191	-	-	(627 274)	-	10 631 451
Motor vehicles	1 359 628	-	6 151 666	-	-	-	-	(515 455)	(19 102)	6 976 737
Infrastructure	57 677 719	9 819 718	-	-	4 834 566	-	-	(7 290 447)	(68 533)	64 973 023
Community	47 410 256	8 848 387	-	-	(131 191)	-	-	(3 003 889)	(625 304)	52 498 259
Other property, plant and equipment	9 133 727	15 503	767 364	(89 778)	-	5 500	663 800	(1 066 575)	2 989	9 432 530
Work in Progress	39 847 893	(18 915 774)	59 119 338	-	(4 834 566)	-	-	-	-	75 216 891
	166 556 757	(232 166)	66 038 368	(89 778)	-	5 500	663 800	(12 503 640)	(709 950)	219 728 891

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

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand 2016 2015

7. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	229 073	(212 608)	16 465	229 073	(204 361)	24 712

Reconciliation of intangible assets - 2016

	Opening balance	Other changes, movements	Amortisation	Total
Computer software, other	24 712	-	(8 247)	16 465

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software, other	49 359	(24 647)	24 712

8. Finance lease obligation

Minimum lease payments due

- within one year - 132 646

Present value of minimum lease payments due

- within one year - 132 646

Lease with Wesbank for the purchase of vehicles.

The lease ended at December 2015.

9. Operating lease liability

Minimum lease payments due

Balance at the beginning	(182 022)	(135 280)
Current year lease (acruel)	191 441	(46 742)
	9 419	(182 022)

10. Payables from exchange transactions

Trade payables	9 769 484	3 481 235
Retentions	6 064 677	6 221 261
Other payables	-	38 358
Debtors with credit balance	47 738	55 694
	15 881 899	9 796 548

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand 2016 2015

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	-	7 671 176
Neighbourhood Development Partnership Grant (NDPG)	885 967	6 635 696
Kwaloshe Tourism Project grant	97 097	97 097
KZN Sports & Recreation grant	88 257	142 065
Integrated National Electrification Programme Grant (INEP)	461 284	2 249 403
Small Town Rehabilitation Grant	5 000 000	-
COGTA Massification grant	1 924 171	2 125 590
	8 456 776	18 921 027

Movement during the year

Balance at the beginning of the year	18 921 027	36 452 527
Additions during the year	67 149 000	60 670 000
Funds returned	(16 556 275)	-
Income recognition during the year	(61 056 976)	(78 201 500)
	8 456 776	18 921 027

Grant register 2015/ 2016

	Opening Balance	Funds returned	Received	Expenditure	Balance
Municipal Systems Improvement Grant (MSIG)	-	-	930 000	930 000	-
Local Government Financial Management Grant (FMG)	-	-	1 800 000	1 800 000	-
KZN Sports & Recreation	142 065	-	-	53 808	88 257
Library Computer Assistant	-	-	744 000	744 000	-
KwaLoshe Tourism	97 097	-	-	-	97 097
Municipal Infrastructure Grant (MIG)	7 671 176	(7 671 175)	28 907 000	28 907 000	-
Neighbourhood Development Partnership Grant (NDPG)	6 635 696	(6 635 696)	14 610 000	13 724 033	885 967
Integrated National Electrification Programme Grant (INEP)	2 249 403	(2 249 403)	9 000 000	8 538 716	461 284
Small Town Rehabilitation	-	-	5 000 000	-	5 000 000
Expanded Public Works Programme Integrated Grant	-	-	1 158 000	1 158 000	-
COGTA Massification	2 125 590	-	5 000 000	5 201 419	1 924 171
	18 921 027	(16 556 274)	67 149 000	61 056 976	8 456 776

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand 2016 2015

12. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Current portion	Total
Long-service awards	925 715	276 419	(32 901)	(26 849)	1 142 384
Leave pay provision	2 413 941	849 920	(152 667)	-	3 111 194
Salary Provision (13th Cheque)	710 304	846 474	(549 297)	-	1 007 481
Long-service awards (short-term)	33 442	-	-	26 849	60 291
	4 083 402	1 972 813	(734 865)	-	5 321 350

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Current portion	Total
Long service awards	721 279	268 762	(30 884)	(33 442)	925 715
Leave pay provision	2 043 293	603 504	(232 856)	-	2 413 941
Salary provision (13th Cheque)	432 024	710 304	(432 024)	-	710 304
Long-service awards (short-term)	-	-	-	33 442	33 442
	3 196 596	1 582 570	(695 764)	-	4 083 402

Non-current liabilities		1 142 384	925 715
Current liabilities		4 178 966	3 157 687
		5 321 350	4 083 402

13. Revenue

Rental of facilities and equipment	317 263	430 571
Interest received (trading)	425 670	543 212
Other income	309 722	839 936
Interest received - investment	7 886 602	5 490 718
Property rates	9 289 039	5 559 641
Government grants & subsidies	171 368 250	160 953 500
Public contributions and donations	-	663 800
	189 596 546	174 481 378

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

Rental of facilities and equipment	317 263	430 571
Interest received (trading)	425 670	543 212
Other income	309 722	839 936
Interest received - investment	7 886 602	5 490 718
	8 939 257	7 304 437

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

Taxation revenue		
Property rates	9 289 039	5 559 641
Transfer revenue		
Government grants & subsidies	171 368 250	160 953 500
Public contributions and donations	-	663 800
	180 657 289	167 176 941

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
14. Property rates		
Rates received		
Property rates	9 289 039	5 559 641
Valuations		
Residential	18 598 000	14 348 000
Commercial	21 995 000	4 995 000
State	642 692 000	543 527 000
Agriculture	691 179 000	577 553 000
Institutional	1 015 000	1 015 000
Special Purposes	2 265 000	2 265 000
Agriculture (Residential/Commercial)	7 844 000	-
Industrial	1 875 000	1 875 000
Rural	-	8 249 000
Place of worship	2 835 000	2 835 000
Municipal	20 951 000	20 951 000
Public Service Infrastructure	193 000	193 000
	1 411 442 000	1 177 806 000

The municipal valuations and property rates were 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.

A new valuation roll was implemented on 1 July 2014

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	110 311 274	82 752 000
	110 311 274	82 752 000

Other grants

Municipal Infrastructure Grant and Capital Grants	57 582 976	57 219 071
Department of Co-operative Governance and Traditional Affairs KZN	744 000	18 181 781
Municipal System Improvement Grant	930 000	1 000 648
Department of Finance: National Treasury	1 800 000	1 800 000
	61 056 976	78 201 500
	171 368 250	160 953 500

Equitable Share

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
16. General expenses		
Advertising	267 003	205 471
Bank charges	146 834	99 046
Cleaning	220 595	256 429
Consulting and professional fees	2 299 989	2 684 151
Entertainment	1 233 224	656 765
Insurance	554 313	1 022 680
Community development and training	3 540 748	1 701 571
Conferences and seminars	123 855	243 728
Marketing	199 253	471 451
Council Industrial	7 271	6 305
Magazines, books and periodicals	21 376	26 046
Medical expenses	570	850
Motor vehicle expenses	104 840	117 992
Fuel and oil	1 672 064	1 223 097
Postage and courier	23 959	17 981
Printing and stationery	369 890	498 349
Council committee	177 562	80 586
Software expenses	1 800 405	1 870 712
Staff welfare	649 470	588 372
Subscriptions and membership fees	533 822	505 942
Telephone and fax	1 332 330	1 504 773
Indigent Burial	591 600	387 300
Training	1 162 726	971 252
Travel - local	4 092 531	6 603 233
Refuse	627 363	874 366
Disaster Infrastructure	-	70 500
Assets expensed	9 017	14 945
Electricity	701 997	791 149
Uniforms	347 062	395 866
Tourism development	1 115 735	569 834
Conditional Grant	-	29 286
Skills Development	319 111	298 114
IDP Programme	573 540	311 350
Municipal Ward Committee	2 876 559	2 594 022
Social Responsibility	2 211 475	244 700
National Calendar	206 153	586 506
Sport, Arts and Recreation	1 445 092	1 267 825
Property rates	170 000	68 062
Occupational Health	405 522	476 507
	32 134 856	30 337 114

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
17. Employee related costs		
Basic	23 225 165	22 683 732
Medical aid - company contributions	1 310 171	1 149 662
UIF	149 213	138 470
Pension Funds	2 742 326	2 306 320
Overtime payments	528 100	417 310
Long-service awards	276 419	268 762
Travel, Motor car and other allowances	1 429 252	1 570 641
Housing benefits and allowances	170 260	118 104
	29 830 906	28 653 001
Remuneration of Municipal Manager- Thembeke Cibane		
Annual Remuneration	820 438	780 945
Car Allowance	251 114	239 156
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Other	16 608	10 022
	1 089 945	1 031 908
Remuneration of Chief Finance Officer- Thula Monde Nkosi		
Annual Remuneration	672 317	640 914
Car Allowance	206 313	196 354
Contributions to UIF, Medical and Pension Funds	31 924	29 224
Other	14 079	8 496
	924 633	874 988
Remuneration of Director Corporate Services- Sihle Ndaba		
Annual Remuneration	-	371 948
Car Allowance	-	112 817
Contributions to UIF, Medical and Pension Funds	-	50 095
Other	-	9 441
	-	544 301
Resigned in March 2015.		
Remuneration of acting Municipal Manager - Isibuko Financial Services (Mr. Basie Strydom)		
Annual Remuneration	-	382 035
Remuneration of Director EDP- Phakama Noble Mhlongo		
Annual Remuneration	647 241	616 085
Car Allowance	198 103	188 670
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Other	13 102	7 906
	860 231	814 446
Acting allowance as Municipal Manager from July - August 2014	-	11 346
Director technical - Mzwakhe Dlamini		
Annual Remuneration	651 918	580 487

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
17. Employee related costs (continued)		
Car Allowance	199 879	194 176
Contributions to UIF, Medical and Pension Funds	33 529	31 809
Other	-	66 766
	885 326	873 238
18. Remuneration of councillors		
Mayor: M Hadebe		
Salary	459 912	394 147
Travel	133 081	168 191
Telephone allowance	20 868	20 868
Backpay	15 342	21 420
Pension	68 987	59 122
Medical aid	31 594	29 884
	729 784	693 632
Deputy mayor: EN Blose		
Salary	250 463	186 943
Travel	-	55 503
Telephone allowance	20 868	-
Backpay	12 127	12 566
Pension	37 570	28 041
Medical aid	10 817	16 103
	331 845	299 156
Speaker: M Zondi		
Salary	433 814	324 835
Travel	-	100 914
Telephone allowance	20 868	20 868
Backpay	14 560	17 136
Pension	65 073	48 725
Medical aid	51 659	46 599
	585 974	559 077
Executive Committee Members and other Councillors		
Salaries	6 129 707	5 681 009
Travel	466 968	479 612
Telephone allowance	706 897	736 849
Backpay	284 448	362 594
Pension	675 581	699 744
Medical aid	140 514	134 304
	8 404 115	8 094 112
19. Depreciation and amortisation		
Property, plant and equipment	15 465 850	12 503 639
Intangible assets	8 247	24 647
	15 474 097	12 528 286

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
20. Debt impairment		
Contributions to debt impairment provision	1 884 014	(736 021)
21. Finance costs		
Non-current borrowings and interest	11 870	218 689
22. Contracted services		
Audit fees	3 073 182	1 814 490
Mayoral VIP services	2 706 230	2 941 902
	5 779 412	4 756 392
23. Cash generated from operations		
Surplus	88 987 974	84 004 134
Adjustments for:		
Depreciation and amortisation	15 474 097	12 528 286
(Loss) gain on sale of assets and liabilities	(428 699)	89 778
Impairment deficit	873 698	709 950
Debt impairment	1 884 014	(736 021)
Movements in operating lease assets and accruals	(191 441)	(778 002)
Movements in provisions	1 237 948	886 806
Restatement of prior year accumulated surplus	-	1 288 244
Interest accrued	(586 070)	(452 572)
Other non-cash items	-	(669 300)
Changes in working capital:		
Receivables from exchange transactions	(1 851 160)	(648 694)
Consumer debtors	(5 706 482)	(161 512)
Payables from exchange transactions	4 700 647	6 310 520
VAT	(7 359 312)	647 942
Unspent conditional grants and receipts	(10 464 251)	(17 531 501)
	86 570 963	85 488 058

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
24. Commitments		
Authorised capital expenditure		
Already approved and contracted for		
• Infrastructure	40 454 566	45 544 398
The expenditure will be financed from:		
• Municipal Infrastructure Grant	6 608 438	20 547 700
• National Development Planning Grant	918 871	14 530 998
• Integrated National Electrification Programme (Municipal) Grant	20 465 309	6 706 084
• Department of Co-operative Governance & Traditional Affairs	2 451 327	1 803 748
• Human Settlements Housing Grant	-	1 955 868
• Equitable share/Internal funding	10 010 621	-
	40 454 566	45 544 398
Total capital commitments		
Already approved and contracted for	40 454 566	45 544 398
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	54 075	250 629
- in second to fifth year inclusive	5 256	59 330
	59 331	309 959

Operating lease payments represent rentals payable by the municipality for certain of its office photocopiers. Leases are negotiated for an average term of four to five years. No contingent rent is payable.

25. Related parties

Related party balances

Loan accounts - Owing (to) by related parties

KDM	2 030	2 030
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26. Taxation

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

27. Prior period errors

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

	Previously reported	Adjustment	Restated balance
Consumer debtors	3 549 449	(1 976 547)	1 572 902
Operating lease asset/(liability)	(595 980)	778 002	182 022
Property, plant & equipment	219 961 055	(232 164)	219 728 891
Payables from exchange transactions (trade payables)	(3 023 235)	(458 000)	(3 481 235)
Accrued revenue	436 411	16 162	452 573
Accumulated surplus	272 273 159	(1 288 244)	270 984 915

Statement of financial performance

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

27. Prior period errors (continued)

	Previously reported	Adjustment	Restated balance
Employee costs (Long-service awards)	(28 384 239)	(268 762)	(28 653 001)
General Expenses	(30 259 329)	(77 785)	(30 337 114)
Interest received	5 471 212	19 506	5 490 718
Property rates	5 871 298	(311 657)	5 559 641
Interest received (trading)	570 862	(27 650)	543 212
Contracted services (Security expenses)	(2 683 902)	(258 000)	(2 941 902)
Lease rentals on operating lease	(517 984)	213 004	(304 980)

Consumer debtors

	Previously reported	Adjustment	Restated balance
Opening balance - debtors	6 930 291	(1 976 547)	4 953 744
Opening balance - provision	(3 380 842)	-	(3 380 842)
	3 549 449	(1 976 547)	1 572 902

Consumer debtors

Opening balance as previously reported	-	3 549 449
Correction of error (2015)	-	(339 306)
Correction of error (2014)	-	(1 637 241)
	-	1 572 902

Operating lease asset/(liability)

Opening balance as previously reported	-	(595 980)
Correction of prior period error (2014)	-	564 998
Correction of prior period error (2015)	-	213 004
	-	182 022

Incorrect measurement of prior year rental amounts.

Property, plant and equipment

Opening balance as previously reported	-	219 961 055
Correction of prior period errors (2014)	-	(232 164)
	-	219 728 891

Assets under construction in 2013/14 but only recognised/capitalised in 2014/15.

Payables from exchange transactions (trade payables)

Opening balance as previously reported	-	(3 023 235)
Correction of error (2015)	-	(458 000)
	-	(3 481 235)

Accruals raised in 2014/15

Accrued revenue

Opening balance as previously reported	-	436 411
Correction of error (2015)	-	16 162
	-	452 573

Interest corrections made during 2014/15 for accrued revenue.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

27. Prior period errors (continued)

Accumulated surplus

Opening balance as previously reported	-	272 273 159
Correction of errors	-	(1 288 244)
	-	270 984 915

Property rates and interest

Correction of error - Property rates (2015)	-	311 657
Correction of error - Interest (2015)	-	27 650
	-	339 307

Rates corrections and interest reversals made to debtors in 2013/14 and 2014/15.

Employee cost

Long-service awards (2015)	-	(268 762)
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Long-service awards re-classified into employee costs in 2014/15.

Contracted services

Correction of error - Security costs (2015)	-	(258 000)
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Mayoral security services in 2014-15.

Lease rentals

Correction of error - Lease expenses (2015)	-	213 004
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Incorrect measurement of prior year lease rentals.

General Expenses

Correction of prior period error - Employee cost (long-service award) (2015)	-	(268 762)
Correction of error - Consulting and professional fees (2015)	-	38 000
Correction of error - Other expenses (2015)	-	162 000
Correction of error - Interest expense (2015)	-	(9 023)
	-	(77 785)

28. Going concern

We draw attention to the fact that at 30 June 2016, the municipality had accumulated surplus of R 359 972 889 and that the municipality's total assets exceed its liabilities by R 359 972 889.

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

29. Events after the reporting date

A new municipal council shall be appointed after the municipal elections held on 03 August 2016.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

30. Fruitless and wasteful expenditure

Opening balance	1 235 517	1 226 494
Litigation award	49 065	-
Interest	6 418	9 023
Employee debt	30 000	-
	1 321 000	1 235 517

Matters are being investigated by MPAC.

31. Unauthorised expenditure

Opening balance	5 393 602	3 325 426
Depreciation and amortisation	1 002 097	344 317
Impairment loss/ reversal of impairments	873 698	709 950
Finance cost	1 870	158 666
Debt impairment	-	855 243
	7 271 267	5 393 602

32. Irregular expenditure

Opening balance	26 192 072	22 706 276
Add: Irregular Expenditure - current year	7 627 173	3 485 796
	33 819 245	26 192 072

Summary of cases for 2015/2016

	Number of cases
SCM related cases	37
An investigation is underway into certain infrastructure payments made to contractors	1
	38

Details of irregular expenditure – current year

	Details	
Deviations	Non-compliance with Supply Chain Management Regulations Paragraph 17(1)(a) of Government Gazette No. 27636 issued on 30 May 2005 which states that the municipality must obtain at least three quotations from different service providers.	571 623
Deviations	Non-compliance with Supply Chain Management Regulations Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 which states that through a supply chain management policy, the municipality must provide for a competitive bidding process.	589 000
Deviations	Non-compliance with Section 116(3) of the MFMA - Amendments to contracts/agreements.	37 081
SCM Regulation Paragraph 32(1) of Government Gazette No. 27636	Non-compliance with Supply Chain Management Regulations Paragraph 32(1)(c) of Government Gazette No. 27636 issued on 30 May 2005. There must be demonstrable discounts or benefits associated when using a service provider appointed by another organ of state.	6 429 469
		7 627 173

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

33. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	500 000	500 000
Amount paid - current year	(500 000)	(500 000)
	<u>-</u>	<u>-</u>

Audit fees

Current year subscription/fee (Internal audit)	1 875 991	831 440
Current year subscription / fee (External audit)	1 197 191	983 050
Amount paid - current year	(3 048 372)	(1 813 834)
	<u>24 810</u>	<u>656</u>

PAYE and UIF

Current year subscription / fee	5 397 979	4 503 323
Amount paid - current year	(5 397 979)	(4 503 323)
	<u>-</u>	<u>-</u>

Pension and Medical Aid Deductions

Current year subscription / fee	5 080 205	3 424 819
Amount paid - current year	(5 080 205)	(3 424 819)
	<u>-</u>	<u>-</u>

VAT

VAT receivable	<u>10 228 029</u>	<u>2 868 717</u>
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VAT output payables and VAT input receivables are shown in note 3.

All VAT returns have been submitted by the due date throughout the year.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

34. 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 2015

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 927 000 is required to be held in the Risk Reserve Account. The market value of the assets exceeded the liabilities by R360 662 000 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

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	2 214 447 000
International Investments	533 153 000
Risk Reserve Account	18 927 000
Unallocated Assets (deficit)	182 457 000
Membership	12 027

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

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	8.61%
General Salary Inflation (long-term)	7.26%
Net effective discount rate	1.25%

The salaries used in the valuation include an assumed increase on 1 July 2016 of 6% as per the SALGBC Circular No.: 1/2016. The next salary increase was assumed to take place on 1 July 2017.

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	Rate	
		Female	Male
	20	24%	16%
	30	18%	12%
	40	10%	8%
	50	4%	4%
	55	2%	2%

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 2016.

Unfunded Accrued Liability

Unfunded Accrued Liability

Total value of liabilities	1 202 134	959 157
Value of assets	-	-
Unfunded accrued liability	1 202 134	959 157

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

Current-Service, Interest Costs and Actuarial Loss/(Gains)

The summary of the Current-service Cost and the Interest Cost for the current and next financial years, is reflected below. The actuarial loss/(gains) arise from three components: the effects of changes in net discount rates, membership and salaries.

Current-Service, Interest Costs and Actuarial Loss/(Gains)

Current-service cost	153 985	133 987
Interest cost	100 952	78 550
Actuarial Loss/(Gains)	63 882	101 148

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.

35. Financial instruments disclosure

Fair Value:

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and bank balances:

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses financial instruments carried at fair value at the end of the reporting period by the level of fair-value hierarchy as required by IFRS 13. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Categories of financial instruments

2016

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	4 858 561	-	4 858 561
Consumer debtors	-	2 802 971	2 802 971
Cash and cash equivalents	109 379 701	-	109 379 701
	114 238 262	2 802 971	117 041 233

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

Financial instruments disclosure (continued)

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

Financial liabilities

	At fair value	At amortised cost	Total
Trade payables	9 769 483	-	9 769 483
Debtors with credit balances	-	47 738	47 738
	9 769 483	47 738	9 817 221

2015

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	2 873 903	-	2 873 903
Consumer debtors	-	1 572 902	1 572 902
Cash and cash equivalents	76 667 391	-	76 667 391
	79 541 294	1 572 902	81 114 196

Financial liabilities

	At fair value	At amortised cost	Total
Trade payables	3 481 235	-	3 481 235
Other payables	38 358	-	38 358
Debtors with credit balances	-	55 694	55 694
	3 519 593	55 694	3 575 287

36. 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	2016	2015
Consumer Debtors	2 802 971	1 572 902
Cash and cash equivalent	109 379 701	76 667 391
Trade and other receivables from exchange transactions	4 858 561	2 873 903

Market risk

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

36. Risk management (continued)

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

As the municipality has interest-bearing assets, the municipality's income and operating cash flows are dependent of changes in market interest rates.

37. Change in estimate

Property, plant and equipment

The remaining useful lives of assets were reviewed based on the conditional assessment carried out during physical verification. As a result of the review, the remaining useful lives of 5 357 assets (infrastructure: 439 and movable assets: 4 918) were adjusted in accordance with the Local Government Capital Asset Management Guideline as issued by National Treasury. The effect of this revision has increased the depreciation charges on Property, Plant and Equipment for the 2016 financial year by R 298 912. The revised depreciation charge for 2016 was R7 338 993 (the existing depreciation charge would have been R7 040 081) for these assets.

Intangible assets

The remaining useful lives of 25 assets were reviewed and extended due to assets being in use:

- The effect of this revision has resulted in a decreased amortisation charge in the 2016 financial year of R16 465. The revised amortisation charge in 2016 was R8 247 (the existing amortisation charge would have been R24 712) for these assets.

38. Operating lease commitments (lessor)

Within 1 year	139 142	138 053
Between 2 to 5 years	184 020	214 490
	323 162	352 543

Rental income represents rentals received by the municipality for certain of its office properties. Leases are negotiated for an average term of 3 to 5 years with fixed escalations per annum.

Ndwedwe Local Municipality
Ndwedwe Local Municipality
Appendix B (Unaudited Supplementary Schedules)

Analysis of property, plant and equipment as at 30 June 2016
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
Land and buildings														
Land	150 000	-	-	-	-	-	150 000	-	-	-	-	-	-	150 000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	13 838 467	-	-	-	-	-	13 838 467	(3 357 015)	-	-	(638 265)	(145 396)	(4 140 676)	9 697 791
	13 988 467	-	-	-	-	-	13 988 467	(3 357 015)	-	-	(638 265)	(145 396)	(4 140 676)	9 847 791
Infrastructure														
Roads, Pavements & Bridges	97 290 946	-	-	21 779 033	-	-	119 069 979	(31 462 335)	-	(899 646)	(8 958 167)	(371 463)	(41 691 611)	77 378 368
Solid Waste Generation	68 427	-	-	-	-	-	68 427	(24 367)	-	-	(6 305)	-	(30 672)	37 755
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 infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
W.I.P	75 216 900	56 833 813	-	(25 692 304)	-	-	106 358 409	-	-	-	-	-	-	106 358 409
	172 576 273	56 833 813	-	(3 913 271)	-	-	225 496 815	(31 486 702)	-	(899 646)	(8 964 472)	(371 463)	(41 722 283)	183 774 532
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community buildings	69 417 169	-	(52 310)	3 913 271	-	-	73 278 130	(16 918 908)	21 832	-	(3 283 219)	(351 021)	(20 531 316)	52 746 814
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	69 417 169	-	(52 310)	3 913 271	-	-	73 278 130	(16 918 908)	21 832	-	(3 283 219)	(351 021)	(20 531 316)	52 746 814

Ndwedwe Local Municipality
Ndwedwe Local Municipality
Appendix B (Unaudited Supplementary
Schedules)

Analysis of property, plant and equipment as at 30 June 2016
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
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Transport Assets	9 742 058	2 134 151	(2 824 401)	-	-	-	9 051 808	(2 765 321)	2 182 722	-	(1 366 020)	-	(1 948 619)	7 103 189
Machinery & equipment	10 193 761	136 338	(37 788)	-	-	-	10 292 311	(2 586 837)	33 383	-	(653 348)	(3 581)	(3 210 383)	7 081 928
Computer Equipment	1 918 039	442 839	(139 311)	-	-	-	2 221 567	(1 184 939)	127 720	-	(265 219)	-	(1 322 438)	899 129
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office equipment	2 595 298	109 920	(6 155)	-	-	-	2 699 063	(1 502 788)	4 498	-	(295 310)	(2 240)	(1 795 840)	903 223
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	24 449 156	2 823 248	(3 007 655)	-	-	-	24 264 749	(8 039 885)	2 348 323	-	(2 579 897)	(5 821)	(8 277 280)	15 987 469

Ndwedwe Local Municipality
Ndwedwe Local Municipality
Appendix B (Unaudited Supplementary
Schedules)

Analysis of property, plant and equipment as at 30 June 2016
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
Total property plant and equipment														
Land and buildings	13 988 467	-	-	-	-	-	13 988 467	(3 357 015)	-	-	(638 265)	(145 396)	(4 140 676)	9 847 791
Infrastructure	172 576 273	56 833 813	-	(3 913 271)	-	-	225 496 815	(31 486 702)	-	(899 646)	(8 964 472)	(371 463)	(41 722 283)	183 774 532
Community Assets	69 417 169	-	(52 310)	3 913 271	-	-	73 278 130	(16 918 908)	21 832	-	(3 283 219)	(351 021)	(20 531 316)	52 746 814
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	24 449 156	2 823 248	(3 007 655)	-	-	-	24 264 749	(8 039 885)	2 348 323	-	(2 579 897)	(5 821)	(8 277 280)	15 987 469
	280 431 065	59 657 061	(3 059 965)	-	-	-	337 028 161	(59 802 510)	2 370 155	(899 646)	(15 465 853)	(873 701)	(74 671 555)	262 356 606
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	229 072	-	-	-	-	-	229 072	(204 360)	-	-	(8 247)	-	(212 607)	16 465
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	229 072	-	-	-	-	-	229 072	(204 360)	-	-	(8 247)	-	(212 607)	16 465
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	13 988 467	-	-	-	-	-	13 988 467	(3 357 015)	-	-	(638 265)	(145 396)	(4 140 676)	9 847 791
Infrastructure	172 576 273	56 833 813	-	(3 913 271)	-	-	225 496 815	(31 486 702)	-	(899 646)	(8 964 472)	(371 463)	(41 722 283)	183 774 532
Community Assets	69 417 169	-	(52 310)	3 913 271	-	-	73 278 130	(16 918 908)	21 832	-	(3 283 219)	(351 021)	(20 531 316)	52 746 814
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	24 449 156	2 823 248	(3 007 655)	-	-	-	24 264 749	(8 039 885)	2 348 323	-	(2 579 897)	(5 821)	(8 277 280)	15 987 469
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	229 072	-	-	-	-	-	229 072	(204 360)	-	-	(8 247)	-	(212 607)	16 465
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	280 660 137	59 657 061	(3 059 965)	-	-	-	337 257 233	(60 006 870)	2 370 155	(899 646)	(15 474 100)	(873 701)	(74 884 162)	262 373 071

Ndwedwe Local Municipality
Ndwedwe Local Municipality
Appendix B (Unaudited Supplementary Schedules)

Analysis of property, plant and equipment as at 30 June 2015
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
Land and buildings														
Land (Separate for AFS purposes)	150 000	-	-	-	-	-	150 000	-	-	-	-	-	-	150 000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	13 838 467	-	-	-	-	-	13 838 467	(2 729 742)	-	-	(627 274)	-	(3 357 016)	10 481 451
	13 988 467	-	-	-	-	-	13 988 467	(2 729 742)	-	-	(627 274)	-	(3 357 016)	10 631 451
Infrastructure														
Roads, Pavements & Bridges	81 737 016	-	-	4 834 566	-	10 719 364	97 290 946	(24 109 644)	-	(899 646)	(7 284 159)	(68 533)	(32 361 982)	64 928 964
Solid Waste Disposal Generation	68 427	-	-	-	-	-	68 427	(18 079)	-	-	(6 288)	-	(24 367)	44 060
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
W.I.P	39 847 866	59 119 337	-	(4 834 566)	-	(18 915 744)	75 216 893	-	-	-	-	-	-	75 216 893
	121 653 309	59 119 337	-	-	-	(8 196 380)	172 576 266	(24 127 723)	-	(899 646)	(7 290 447)	(68 533)	(32 386 349)	140 189 917
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	60 403 644	-	-	-	-	9 013 525	69 417 169	(13 124 577)	-	(165 138)	(3 003 890)	(625 304)	(16 918 909)	52 498 260
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	60 403 644	-	-	-	-	9 013 525	69 417 169	(13 124 577)	-	(165 138)	(3 003 890)	(625 304)	(16 918 909)	52 498 260

Ndwedwe Local Municipality
Ndwedwe Local Municipality
Appendix B (Unaudited Supplementary
Schedules)

Analysis of property, plant and equipment as at 30 June 2015
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
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	3 590 392	6 151 666	-	-	-	-	9 742 058	(2 230 764)	-	-	(515 455)	(19 104)	(2 765 323)	6 976 735
Machinery and equipment	9 288 511	240 467	(14 853)	-	663 800	15 838	10 193 763	(2 039 516)	8 147	(334)	(555 140)	-	(2 586 843)	7 606 920
Computer Equipment	1 692 056	257 389	(31 407)	-	-	-	1 918 038	(946 181)	25 791	-	(265 154)	605	(1 184 939)	733 099
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and office equipment	2 363 808	269 508	(43 518)	-	5 500	-	2 595 298	(1 224 952)	27 688	-	(307 906)	2 381	(1 502 789)	1 092 509
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	16 934 767	6 919 030	(89 778)	-	669 300	15 838	24 449 157	(6 441 413)	61 626	(334)	(1 643 655)	(16 118)	(8 039 894)	16 409 263

Ndwedwe Local Municipality
Ndwedwe Local Municipality
Appendix B (Unaudited Supplementary
Schedules)

Analysis of property, plant and equipment as at 30 June 2015
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
Total property plant and equipment														
Land and buildings	13 988 467	-	-	-	-	-	13 988 467	(2 729 742)	-	-	(627 274)	-	(3 357 016)	10 631 451
Infrastructure	121 653 309	59 119 337	-	-	-	(8 196 380)	172 576 266	(24 127 723)	-	(899 646)	(7 290 447)	(68 533)	(32 386 349)	140 189 917
Community Assets	60 403 644	-	-	-	-	9 013 525	69 417 169	(13 124 577)	-	(165 138)	(3 003 890)	(625 304)	(16 918 909)	52 498 260
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	16 934 767	6 919 030	(89 778)	-	669 300	15 838	24 449 157	(6 441 413)	61 626	(334)	(1 643 655)	(16 118)	(8 039 894)	16 409 263
	212 980 187	66 038 367	(89 778)	-	669 300	832 983	280 431 059	(46 423 455)	61 626	(1 065 118)	(12 565 266)	(709 955)	(60 702 168)	219 728 891
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	229 072	-	-	-	-	-	229 072	(179 714)	-	-	(24 647)	-	(204 361)	24 711
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	229 072	-	-	-	-	-	229 072	(179 714)	-	-	(24 647)	-	(204 361)	24 711
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	13 988 467	-	-	-	-	-	13 988 467	(2 729 742)	-	-	(627 274)	-	(3 357 016)	10 631 451
Infrastructure	121 653 309	59 119 337	-	-	-	(8 196 380)	172 576 266	(24 127 723)	-	(899 646)	(7 290 447)	(68 533)	(32 386 349)	140 189 917
Community Assets	60 403 644	-	-	-	-	9 013 525	69 417 169	(13 124 577)	-	(165 138)	(3 003 890)	(625 304)	(16 918 909)	52 498 260
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	16 934 767	6 919 030	(89 778)	-	669 300	15 838	24 449 157	(6 441 413)	61 626	(334)	(1 643 655)	(16 118)	(8 039 894)	16 409 263
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	229 072	-	-	-	-	-	229 072	(179 714)	-	-	(24 647)	-	(204 361)	24 711
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	213 209 259	66 038 367	(89 778)	-	669 300	832 983	280 660 131	(46 603 169)	61 626	(1 065 118)	(12 589 913)	(709 955)	(60 906 529)	219 753 602