



Lejweleputswa District Municipality
Annual Financial Statements
for the year ended 30 June 2016

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	An organ of state legislature and executive authority
Nature of business and principal activities	District municipality
Mayoral committee until August 2016	
Executive Mayor	Cllr NW Speelman
Speaker	Cllr MA Olifant
Councillors	Cllr KR Phukunsi - MMC Sports, Arts, Culture and Recreation Cllr M Lekaota - MMC Corporate Services and Administration Cllr MJ Pereko - MMC Special Programmes Cllr MMT Matlabe - MMC Finance Cllr PP Maseko - MMC Municipal Support and Infrastructure Cllr TD Khalipha - MMC Social Services and Environmental Health Cllr XJ Toki - MMC LED, Tourism, Agriculture, Youth and SMME
Municipal demarcation code	DC 18
Capacity of local authority	Low capacity
Grading of local authority	4
Accounting Officer	Ms PME Kaota
Chief Finance Officer (CFO)	Mr PK Pitso
Registered office	Office of the Municipal Manager Corner of Jan Hofmeyer and Tempest Road Jim Fouche Park WELKOM 9459
Business address	Corner of Jan Hofmeyer and Tempest Road Jim Fouche Park WELKOM 9459
Postal address	P.O. Box 2163 WELKOM 9460
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa

Lejweleputswa District 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	3
Audit Committee Report	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
Accounting Policies	10 - 32
Notes to the Annual Financial Statements	33 - 58
Appendix A: Schedule of External loans	59
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	60
Appendix G(1): Budgeted Financial Performance (revenue and expenditure by standard classification)	61
Appendix G(2): Budgeted Financial Performance (revenue and expenditure by municipal vote)	62
Appendix G(3): Budgeted Financial Performance (revenue and expenditure)	63
Appendix G(4): Budgeted Capital Expenditure by vote, standard classification and funding	64
Appendix G(5): Budgeted Cash Flows	65

Abbreviations

CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
IAS	International Accounting Standards
VAT	Value Added Tax
PAYE	Pay As You Earn
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
IPSAS	International Public Sector Accounting Standards

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or 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 is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality depends on grants received from National Government (98%) as RSC levies were abolished in 2006.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 5 to 58, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed by her:

Palesa Matshidiso Elizabeth Kaota
Municipal Manager

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2016.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 5 number of meetings were held.

Name of member	Number of meetings attended
Mr LJ Makoro (Chairperson)	2
Mr ET Femele	5
Mr NL Masoka	5
Adv LS Rabie-Khonkhe	4
Mr NS Marota	1

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

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

Evaluation of annual financial statements

The audit committee has:

- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

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

Internal audit

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

Chairperson of the Audit Committee

Date: _____

Lejweleputswa District 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			
Cash and cash equivalents	3	29 826 807	18 069 343
Other financial assets	4	40 008 521	40 366 752
Receivables from non-exchange transactions	5	743 099	279 204
VAT receivable	6	137 742	597 204
		70 716 169	59 312 503
Non-Current Assets			
Property, plant and equipment	7	62 627 561	66 468 338
Intangible assets	8	393 881	351 857
Investments in controlled entities	9	100	100
		63 021 542	66 820 295
Total Assets		133 737 711	126 132 798
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	9 696 949	8 733 609
Other financial liabilities	11	1 059 282	2 145 864
Long service awards	12	4 076 000	3 498 000
Unspent conditional grants and receipts	13	231 613	187 502
Provisions	14	1 088 703	536 037
		16 152 547	15 101 012
Non-Current Liabilities			
Other financial liabilities	11	11 556 702	10 967 222
Employee benefit obligation	12	10 367 000	9 082 000
		21 923 702	20 049 222
Total Liabilities		38 076 249	35 150 234
Net Assets		95 661 462	90 982 564
Accumulated surplus		95 661 462	90 982 564

* See Note 34

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Revenue from exchange transactions			
Interest received - trading	15	697 415	734 280
Other income	16	307 135	230 940
Interest received - investment	17	5 175 886	3 741 895
Gains on disposal of assets	29	27 089	-
Total revenue from exchange transactions		6 207 525	4 707 115
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	18	115 630 888	108 518 498
Total revenue	15	121 838 413	113 225 613
Expenditure			
Employee related cost	19	(66 029 890)	(62 537 764)
Remuneration of councillors	20	(9 041 677)	(9 293 511)
Transfers to local municipalities	21	(974 027)	(1 048 505)
Depreciation and amortisation	22	(4 394 788)	(6 505 111)
Impairment / (Impairment loss)	23	(678 323)	(1 067 324)
Finance costs	24	(3 552 364)	(2 320 928)
Transfer to development agency	25	(3 500 000)	(2 500 000)
Repairs and maintenance	26	(539 940)	(464 512)
Consulting and professional fees	27	(3 530 145)	(2 580 759)
Loss on disposal of assets	29	-	(237 389)
General expenses	28	(24 385 066)	(21 164 854)
Total expenditure		(116 626 220)	(109 720 657)
Operating surplus		5 212 193	3 504 956
Surplus for the year		5 212 193	3 504 956

* See Note 34

Lejweleputswa District 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
Balance at 01 July 2014	88 492 657	88 492 657
Changes in net assets		
Surplus for the year	3 504 956	3 504 956
Total changes	<u>3 504 956</u>	<u>3 504 956</u>
Opening balance as previously reported	91 997 613	91 997 613
Adjustments		
Change in accounting policy (refer to note 34)*	(1 015 049)	(1 015 049)
Restated* Balance at 01 July 2015	90 982 564	90 982 564
Changes in net assets		
Surplus for the year	5 212 193	5 212 193
Other movements	(533 295)	(533 295)
Total changes	<u>4 678 898</u>	<u>4 678 898</u>
Balance at 30 June 2016	95 661 462	95 661 462
Note(s)		

* See Note 34

Lejweleputswa District 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		115 630 836	108 706 000
Interest income		5 175 886	4 476 175
Other receipts		307 135	230 940
		<u>121 113 857</u>	<u>113 413 115</u>
Payments			
Employee costs		(75 071 567)	(71 831 275)
Suppliers		(27 834 839)	(25 534 669)
Finance costs		(3 552 364)	(2 320 928)
Other payments		-	(386 621)
		<u>(106 458 770)</u>	<u>(100 073 493)</u>
Net cash flows from operating activities	31	<u>14 655 087</u>	<u>13 339 622</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(552 308)	(696 406)
Proceeds from sale of property, plant and equipment	7	109 463	995 486
Purchase of other intangible assets	8	(204 249)	(233 385)
Proceeds from sale of other intangible assets	8	-	3 193
Proceeds from sale of financial assets		358 231	(10 081 850)
		<u>358 231</u>	<u>(10 081 850)</u>
Net cash flows from investing activities		<u>(288 863)</u>	<u>(10 012 962)</u>
Cash flows from financing activities			
Movement in other financial liabilities		(2 145 864)	(1 847 016)
		<u>(2 145 864)</u>	<u>(1 847 016)</u>
Net cash flows from financing activities		<u>(2 145 864)</u>	<u>(1 847 016)</u>
Net increase/(decrease) in cash and cash equivalents		11 757 464	(395 094)
Cash and cash equivalents at the beginning of the year		18 069 343	18 464 437
		<u>18 069 343</u>	<u>18 464 437</u>
Cash and cash equivalents at the end of the year	3	<u>29 826 807</u>	<u>18 069 343</u>

* See Note 34

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 43*
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - trading	95 000	270 000	365 000	697 415	332 415	
Other income	100 000	10 000	110 000	307 135	197 135	
Interest received - investment	1 890 000	110 000	2 000 000	5 175 886	3 175 886	
Total revenue from exchange transactions	2 085 000	390 000	2 475 000	6 180 436	3 705 436	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	115 675 000	-	115 675 000	115 630 888	(44 112)	
Total revenue	117 760 000	390 000	118 150 000	121 811 324	3 661 324	
Expenditure						
Employee remuneration	(66 420 754)	(3 653 121)	(70 073 875)	(66 029 890)	4 043 985	
Remuneration of councillors	(9 410 323)	(558 113)	(9 968 436)	(9 041 677)	926 759	
Transfers to local municipalities	(2 950 000)	1 900 000	(1 050 000)	(974 027)	75 973	
Depreciation and amortisation	(7 611 223)	-	(7 611 223)	(4 394 788)	3 216 435	
Impairment loss/ Reversal of impairments	(485 590)	-	(485 590)	(678 323)	(192 733)	
Finance costs	(2 022 079)	-	(2 022 079)	(3 552 364)	(1 530 285)	
Transfer to development agency	(2 500 000)	(1 000 000)	(3 500 000)	(3 500 000)	-	
Repairs and maintenance	(634 460)	70 000	(564 460)	(539 940)	24 520	
Consulting and professional fees	(1 059 670)	(590 000)	(1 649 670)	(3 530 145)	(1 880 475)	
General expenses	(26 345 204)	(1 698 387)	(28 043 591)	(24 385 066)	3 658 525	
Total expenditure	(119 439 303)	(5 529 621)	(124 968 924)	(116 626 220)	8 342 704	
Operating surplus	(1 679 303)	(5 139 621)	(6 818 924)	5 185 104	12 004 028	
Gain on disposal of assets and liabilities	-	(20 235)	(20 235)	27 089	47 324	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(1 679 303)	(5 159 856)	(6 839 159)	5 212 193	12 051 352	

Lejweleputswa District 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. All figures have been rounded to the nearest Rand.

A summary of the significant accounting policies are disclosed below.

1.1 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.

1.2 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:

Impairment testing

The recoverable (service) 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 assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating 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. 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as inflation and interest.

Value in use of non-cash generating 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. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependant on the availability of data and the nature of the impairment.

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 14 Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

Effective interest rate

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

Allowance for impairment

For receivables 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 receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, 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 or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised 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), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset 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 municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

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

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

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

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

Item	Average useful life
Land	Not depreciated
Buildings	
• Buildings	30 years
• Paving	30 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Motor vehicles	7 years
Office equipment (including computers)	4 years
Emergency equipment	5 years
Other property, plant and equipment	5 years

The residual value, 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 municipality 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.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 Intangible assets (continued)

An intangible asset is recognised when:

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

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

Intangible assets are initially recognised at cost.

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

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.

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

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

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

Amortisation is provided to write down the intangible assets (indefinite and finite), on a straight line basis to their estimated residual values, as follows:

Item	Useful life
Computer software	3 years indefinite

Intangible assets are derecognised:

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

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

1.5 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6 Financial instruments

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

Classification

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

Class	Category
Other financial assets	Financial asset measured at amortised cost
Receivables from non - exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Financial liabilities	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures all other financial assets and financial liabilities initially at fair value.

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

- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

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

Fair value measurement considerations

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

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Reclassification

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

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

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

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

Financial assets measured at amortised cost:

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

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

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

Financial assets measured at cost:

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

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

Presentation

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

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

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

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

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

1.7 Leases

Operating leases - lessee

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

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

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.8 Impairment of cash-generating assets

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

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Value in use

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

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

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

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

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

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

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

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

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

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

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

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

1.9 Impairment of non-cash-generating assets

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

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

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

Value in use

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

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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.

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- 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. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Employee benefits (continued)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees. According to the rules of the long-term service allowance scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.11 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating expenditure.

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

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

1.12 Revenue from exchange transactions

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

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

Measurement

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Interest and investment income

Revenue arising from the use by others of municipality assets yielding interest or similar distributions is recognised when:

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

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

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

1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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

1.14 Investment income

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

1.15 Borrowing costs

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

1.16 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.17 Fruitless and wasteful expenditure

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

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

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular 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.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.19 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.20 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

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; and
- where disclosure is required by a specific standard of GRAP.

1.21 Budget information

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

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

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

1.22 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 local sphere of government are considered to be related parties.

Management is 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 family members of a person are considered to be able to influence, or be influenced by 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.

1.23 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.

Events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the financial statements.

1.24 VAT

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods and services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
-----------------	------	-------------------

2. New standards and interpretations

2.1 Standards and interpretations not effective and not adopted in the current year

In the current year, the municipality has not adopted any standards and interpretations as there were no new standards effected.:

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The municipality (in this standard referred to as the reporting entity) applies this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality and its related parties;
- identifying the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- + A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- + An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality has adopted the standard for the first time once it becomes effective.

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

GRAP 105: Transfers of Functions Between Entities Under Common Control

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality has adopted the standard for the first time once it become effective.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality has adopted the standard for the first time once it becomes effective.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.

A merger is where a new combined entity is started, acquirer can be identified and the combining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality has adopted the standard for the first time once it becomes effective.

GRAP 108: Statutory Receivables

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments.

Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand				2016	2015 Restated*	
3. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Cash on hand				2 000	2 000	
Bank balances				29 824 807	18 067 343	
				29 826 807	18 069 343	
None of the bank accounts were pledged as security.						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Bank - cheque account - 134000017	15 538 687	12 986 791	14 692 987	14 632 398	12 924 902	14 375 268
ABSA - call account - 9277830198	-	6 291	5 974	-	6 291	5 974
ABSA - call account - 9292006970	-	-	4 080 996	-	-	4 080 995
ABSA - call account - 9301665952	-	5 136 149	-	-	5 136 150	-
First National Bank - call account - 62601644801	5 087 786	-	-	5 087 786	-	-
First National Bank - call account - 62621625592	10 001 877	-	-	10 001 877	-	-
Standard Bank - call account - 248538810007	85 725	-	-	85 725	-	-
Standard Bank - call account - 24838810008	2 703	-	-	2 703	-	-
Standard Bank - call account - 248538810010	14 319	-	-	14 318	-	-
Cash on hand	2 000	2 000	2 200	2 000	2 000	2 200
Total	30 733 097	18 131 231	18 782 157	29 826 807	18 069 343	18 464 437
4. Other financial assets						
At amortised cost						
ABSA Bank fixed account Account no: 2075116692 - maturity date 2015/07/15 at an interest rate of 6.35%					-	20 183 362
Account no: 2075234375 - maturity date 2015/09/01 at an interest rate of 6.44%						
Standard bank fixed account Account no: 248538810016 - maturity date 2016/09/30 at an interest rate of 7.80%					20 004 274	20 183 390
Account no: 248538810011 - maturity date 2015/07/05 at an interest rate of 6.525%						
Account no: 248538810012 - maturity date 2015/09/03 at an interest rate of 6.425%						
Nedbank fixed account Account no: 03/7662020096/00036 - maturity date 2016/09/29 at an interest rate of 7.75%.					20 004 247	-
Total other financial assets					40 008 521	40 366 752
Current assets						
At amortised cost					40 008 521	40 366 752

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
-----------------	------	-------------------

4. Other financial assets (continued)

Although the maturity date of the investments indicate that the investments needs to be disclosed as cash and cash equivalent, the initial purpose of investments are considered for classifying the asset as a financial asset or a cash and cash equivalent asset.

None of the financial assets were pledged as security.

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

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

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

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

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

Level 2

ABSA fixed deposit	-	20 183 362
Standard bank fixed deposit	20 004 274	20 183 390
Nedbank fixed deposit	20 004 247	-
	40 008 521	40 366 752

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

5. Receivables from non-exchange transactions

Deposits	4 700	4 700
Other receivables	(24 715)	(24 715)
Sundry receivables	10 304 979	10 819 272
Less: Allowance for impairment	(9 541 865)	(10 520 053)
	743 099	279 204

Included in other receivables are irregular expenditure incurred during the financial year. Refer to note 40.

None of the receivables were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions past due but not impaired

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

3 months past due	743 099	279 204
-------------------	---------	---------

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
5. Receivables from non-exchange transactions (continued)		
Reconciliation of allowance for impairment		
Opening balance	10 520 052	9 455 228
Provision for impairment	678 323	1 064 824
Amounts written off as irrecoverable	(1 656 510)	-
	9 541 865	10 520 052

Management is of the opinion that the carrying value of the sundry receivables are approximate their fair values.

The fair value of sundry receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and the debtor. The current payment ratio's of sundry receivables were also taken into account for fair value determination.

6. VAT receivable

VAT receivable	137 742	597 204
----------------	---------	---------

The municipality is registered for VAT on the cash basis. VAT owed by SARS amounts to R 286 343.87. The carrying value amount of VAT receivable approximates fair value due to its short nature.

7. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 870 000	-	2 870 000	2 870 000	-	2 870 000
Buildings	73 148 815	(17 611 158)	55 537 657	73 137 462	(15 188 485)	57 948 977
Plant and machinery	1 299 325	(1 093 845)	205 480	576 933	(483 718)	93 215
Furniture and fixtures	6 751 069	(5 564 343)	1 186 726	5 976 373	(4 868 427)	1 107 946
Motor vehicles	1 921 138	(425 837)	1 495 301	1 921 138	(134 848)	1 786 290
Office equipment	5 857 566	(4 727 633)	1 129 933	6 148 233	(4 423 681)	1 724 552
Other property, plant and equipment	144 792	(115 473)	29 319	250 148	524 665	774 813
Emergency equipment	362 233	(189 088)	173 145	354 053	(191 508)	162 545
Total	92 354 938	(29 727 377)	62 627 561	91 234 340	(24 766 002)	66 468 338

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Other movements	Depreciation on disposals	Depreciation	Total
Land	2 870 000	-	-	-	-	-	2 870 000
Buildings	57 948 977	8 889	-	29 928	-	(2 450 137)	55 537 657
Plant and machinery	93 215	41 419	-	183 408	-	(112 562)	205 480
Furniture and fixtures	1 107 946	155 248	(62 630)	682 078	47 017	(742 933)	1 186 726
Motor vehicles	1 786 290	-	-	(124 340)	-	(166 649)	1 495 301
Office equipment	1 724 552	329 782	(42 133)	(160 285)	20 747	(742 730)	1 129 933
Other property, plant and equipment	774 813	8 800	(4 700)	(740 222)	4 230	(13 602)	29 319
Emergency equipment	162 545	8 170	-	6 378	-	(3 948)	173 145
	66 468 338	552 308	(109 463)	(123 055)	71 994	(4 232 561)	62 627 561

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016						2015 Restated*
7. Property, plant and equipment (continued)							
Reconciliation of property, plant and equipment - 2015							
	Opening balance	Additions	Disposals	Transfers	Other movements	Depreciation	Total
Land	2 870 000	-	-	-	-	-	2 870 000
Buildings	60 422 280	-	-	-	(37 028)	(2 436 275)	57 948 977
Plant and machinery	189 029	7 554	(142 387)	125 836	-	(86 817)	93 215
Furniture and fixtures	2 090 446	179 994	(144 589)	107 484	-	(1 125 389)	1 107 946
Motor vehicles	1 575 464	241 506	(156 919)	254 248	-	(128 009)	1 786 290
Office equipment	2 742 251	265 410	(542 150)	453 500	(4 998)	(1 189 461)	1 724 552
Other property, plant and equipment	90 517	656	(9 441)	7 899	722 097	(36 915)	774 813
Emergency equipment	168 922	1 286	-	-	-	(7 663)	162 545
	70 148 909	696 406	(995 486)	948 967	680 071	(5 010 529)	66 468 338

Pledged as security

None of the assets were pledged as security.

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

8. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	7 001 781	(6 607 900)	393 881	6 797 532	(6 445 675)	351 857

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	351 857	204 249	(162 225)	393 881

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation on disposals	Amortisation	Total
Computer software	1 610 437	233 385	(3 193)	1 210	(1 489 982)	351 857

Pledged as security

None of the assets were pledged as security.

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

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand		2016	2015 Restated*
9. Investments in controlled entities			
Name of company	Held by	% holding 2016	% holding 2015
		Carrying amount 2016	Carrying amount 2015
Lejweleputswa Development Agency SOC Ltd	Lejweleputswa District Municipality	100,00 %	100,00 %
		100	100
The carrying amounts of the controlled entities are shown net of impairment losses.			
Controlled entities pledged as security			
The investment in the controlled entity was not pledged as security.			
10. Payables from exchange transactions			
Trade payables		2 348 552	2 547 479
Accrued leave pay		5 971 616	4 886 234
Accrued bonus		1 229 125	1 150 772
Retention creditors		147 656	149 124
		9 696 949	8 733 609
11. Other financial liabilities			
At amortised cost			
ABSA loan (3044406667)		12 615 984	-
DBSA loan (61003236)		-	1 977 352
DBSA loan (61003237)		-	1 515 266
DBSA loan (61004020)		-	(20)
DBSA loan (61001256)		-	240 651
DBSA loan (61001257)		-	55 751
DBSA loan (61001258)		-	287 041
DBSA loan (61001259)		-	616 422
DBSA loan (61001299)		-	1 469 847
DBSA loan (61003159)		-	6 950 776
		12 615 984	13 113 086
Total other financial liabilities		12 615 984	13 113 086
The loan is with ABSA Bank Limited and the repayments are made on a six monthly basis. The loan will be redeemed on 28 February 2021 and the loan bear interest at prime less 0.25%.			
These loans are from the Development Bank of South Africa and repayments are made on a six monthly basis. The last loan was redeemed on 29 February 2016 and the loans bear interest between 10% and 16.5%.			
The municipality did not default on any of the other financial liabilities, whether it be on the capital or the interest portions, and none of the terms attached to the other financial liabilities were renegotiated. Refer to Appendix A.			
Non-current liabilities			
At amortised cost		11 556 702	10 967 222
Current liabilities			
At amortised cost		1 059 282	2 145 864

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
-----------------	------	-------------------

12. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates as unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by ZAQEN Consultants and Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

- * Bonitas
- * Hosmed
- * Keyhealth
- * LA Health
- * Samwumed

The members of the post-employment health care benefit plan are made up as follows:

In service members (employees)	100	97
In service members (employees) - non - members	6	9
Continuation members (retirees, widowers and orphans)	3	2
	<u>109</u>	<u>108</u>

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

Employee benefit obligations	<u>10 367 000</u>	<u>9 082 000</u>
------------------------------	-------------------	------------------

Movement in the present value of the employee benefit obligation

Opening balance	9 082 000	7 588 000
Current service cost	859 000	854 000
Interest	860 000	727 000
Actuarial (gain) losses	(354 000)	(39 000)
Benefitss paid by the plan	(80 000)	(48 000)
	<u>10 367 000</u>	<u>9 082 000</u>

The following main assumptions were used in performing the valuation at 30 June 2016

Discount rate	9,09 %	9,09 %
Consumer price inflation	7,19 %	7,19 %
Health care cost inflation	8,19 %	8,19 %
Net discount rate	0,83 %	0,83 %

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
12. Employee benefit obligations (continued)		
Health care cost inflation		
The effect of a one percent increase and decrease in the health care cost inflation rate is as follows:	Increase 1%	Decrease 1%
Employer benefit liability	10 506 000	9 250 000
Employer service cost	733 000	875 000
Employer interest cost	1 127 000	876 000
Long service awards		
<p>The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by ZAQEN Consultants and Actuaries. The projected unit credit funding method has been used to determine the past - service liabilities at the valuation date and the projected annual expense in the year following the valuation date.</p> <p>The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.</p> <p>Long service benefits are awarded in the form of leave days and a percentage of salary. We have converted the awarded leave days into a percentage of the employee's annual salary. The conversion is based on a 250 working day year.</p>		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of long service awards obligation	4 076 000	3 498 000
Changes in the present value of the long service award obligation are as follows:		
Opening balance	3 498 000	3 217 000
Benefits paid	(316 000)	(341 000)
Net expense recognised	894 000	622 000
	4 076 000	3 498 000
Net expense of the long service awards obligation recognised in the statement of financial performance		
Current service cost	381 000	377 000
Interest cost	319 000	264 000
Actuarial (gains) losses	194 000	(19 000)
	894 000	622 000
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	8,06 %	8,06 %
Consumer price inflation	6,37 %	6,37 %
Salary increase rate	7,37 %	7,37 %
Net discount rate	0,64 %	0,64 %

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
13. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal systems improvement grant	106	-
Rural roads asset management grant	231 507	187 502
	231 613	187 502
Movement during the year		
Balance at the beginning of the year	187 502	-
Additions during the year - Rural roads asset management grant	2 105 000	1 775 000
Income recognition during the year - Rural roads asset management grant	(2 060 994)	(1 587 498)
Additions during the year - Municipal systems improvement grant	930 000	-
Income recognition during the year - Municipal systems improvement grant	(929 895)	-
	231 613	187 502

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 18 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

14. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Bonus Provision	536 037	552 665	1 088 703

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Bonus provisions	842 307	(306 270)	536 037

Performance bonuses accrue to senior managers on an accrual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date and is dependent on the favourable performance of senior managers having met agreed conditions. The balance at year end includes the performance bonuses not paid to senior managers. The performance bonuses are expected to be paid in the next financial reporting period. There is no expected reimbursement from the provision.

The expected cash outflow of the performance bonus is within the next financial year dependent on the outcome of the performance assessment for the individual.

There is no expected reimbursement amounts from this provision.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
15. Revenue		
Government grants and subsidies	115 630 888	108 518 498
Interest received - investment	5 175 886	3 741 895
Interest received - trading	697 415	734 280
Other income	307 135	230 940
	121 811 324	113 225 613
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - trading	697 415	734 280
Other income	307 135	230 940
Interest received - investment	5 175 886	3 741 895
	6 180 436	4 707 115
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	115 630 888	108 518 498
16. Other income		
Other income	307 135	230 940
17. Investment revenue		
Interest revenue		
Interest received - investment	5 175 886	3 741 895

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
18. Government grants and subsidies		
Equitable share	29 958 000	26 260 000
Financial Management Grant	1 250 000	1 250 000
Expanded Public Works Programme	1 000 000	-
Municipal Systems Improvement Programme Grant	929 894	934 000
Levy Replacement (Transitional) Grant	80 432 000	78 487 000
Rural Roads Asset Management Systems Grant	2 060 994	1 587 498
	115 630 888	108 518 498

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	5 240 888	3 959 000
Unconditional grants received	110 390 000	104 559 498
	115 630 888	108 518 498

Equitable Share

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

Rural Roads Asset Management Grant

Balance unspent at beginning of year	187 502	-
Current-year receipts	2 105 000	1 775 000
Conditions met - transferred to revenue	(2 060 994)	(1 587 498)
	231 508	187 502

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

The purpose of the grant is for the provision of systems to collect rural road, traffic data and rural access bridges.

Financial Management Grant

Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
	-	-

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Expanded Public Works Programme

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

The Expanded Public Works Programme is a operational grant which is used by the municipality on its own discretion.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
18. Government grants and subsidies (continued)		
Municipal System Improvement Grant		
Current-year receipts	930 000	934 000
Conditions met - transferred to revenue	(929 894)	(934 000)
	106	-
Levy Replacement (Transitional) Grant		
Current-year receipts	80 432 000	78 487 000
Conditions met - transferred to revenue	(80 432 000)	(78 487 000)
	-	-
<p>The Levy Replacement (Transitional) Grant is a operational grant which is used by the municipality on its own discretion, which is mainly to fund its operational activities.</p>		
19. Employee related costs		
Basic	35 669 523	32 574 972
Bonus - 13th cheque	2 793 483	2 769 292
Medical aid - company contributions	3 362 816	3 139 914
UIF	217 160	210 620
WCA	350 202	337 747
Leave pay provision charge	2 849 410	2 500 679
Severance package	-	1 209 615
Defined contribution plans	2 284 959	2 149 687
Overtime payments	44 062	232 034
Travel allowance	5 465 839	5 298 689
Housing benefits and allowances	367 942	276 402
Cell phone allowance	195 877	196 798
Contribution to Pension and Providend funds	6 171 646	5 809 119
Standby allowances	165 828	143 863
Group life insurance	568 181	540 866
	60 506 928	57 390 297
Reconciliation of employee related cost		
Salaried staff	60 506 928	57 390 297
Municipal manager	1 435 127	1 346 903
Chief finance officer	1 179 751	1 073 941
Manager LED	981 933	941 056
Manager corporate services	935 068	844 511
Manager environmental health and disaster management	991 083	941 056
	66 029 890	62 537 764

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
19. Employee related costs (continued)		
Remuneration of Ms PME Kaota - Municipal Manager		
Annual Remuneration	818 231	777 773
Car Allowance	234 599	218 281
Bonus - 13th cheque	67 628	63 905
Contributions to UIF, Medical and Pension Funds	158 702	151 420
Cellphone allowance	36 000	36 000
Housing allowance	84 000	84 000
Acting allowance - Mr Pitso	35 967	15 524
	1 435 127	1 346 903

Mr Pitso was acting for the months of August, September, and October 2015 as well as for the month of June 2016. Mr Mahlanyane was acting for the month of June 2015.

Remuneration of Mr PK Pitso - Chief Finance Officer

Annual Remuneration	661 158	665 671
Car Allowance	157 039	148 248
Bonus - 13th cheque	85 774	14 379
Contributions to UIF, Medical and Pension Funds	168 636	155 643
Cellphone allowance	60 000	60 000
Housing allowance	30 000	30 000
Acting allowance - Me Gqoli	17 144	-
	1 179 751	1 073 941

Me Gqoli was acting as CFO for the months of August and September 2015 and for the month of June 2016.

Remuneration of Mr TA Jonas - Manager LED

Annual Remuneration	567 061	555 409
Car Allowance	120 000	120 000
Bonus - 13th cheque	66 086	43 658
Contributions to UIF, Medical and Pension Funds	138 686	134 058
Cellphone allowance	18 000	18 000
Housing allowance	72 100	69 931
	981 933	941 056

Remuneration of Mr MJ Mahlanyane - Manager Corporate Services

Annual Remuneration	526 745	496 744
Car Allowance	156 592	148 440
Bonus - 13th cheque	78 303	40 000
Contributions to UIF, Medical and Pension Funds	150 676	141 327
Cellphone allowance	18 000	18 000
Acting allowance - Mr Petersen	4 752	-
	935 068	844 511

Mr Peterson was acting for the months of August 2015 and April 2016.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
19. Employee related costs (continued)		
Remuneration of Mr MM Mthombeni - Manager Environmental Health and Disaster Management		
Annual Remuneration	567 061	555 409
Car Allowance	120 840	118 425
Bonus - 13th cheque	66 086	43 658
Contributions to UIF, Medical and Pension Funds	149 946	145 564
Cellphone allowance	18 000	18 000
Housing allowance	60 000	60 000
Acting allowance - Mr Kirsten	9 150	-
	991 083	941 056

Mr Kirsten was acting for the month of October 2015.

20. Remuneration of councillors

Mayoral committee members	3 829 938	4 033 481
Speaker	696 742	725 568
Executive mayor	596 341	632 328
Councillors	3 918 656	3 902 134
	9 041 677	9 293 511

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a council owned vehicle for official duties as well as two full-time VIP protection/ drivers.

Executive Mayor	Basic	Travel Allowance	Cellphone Allowance	Pension and Medical Aid	SDL	Total
Cllr Speelman	494 765	-	22 535	74 215	4 826	596 341
Total	494 765	-	22 535	74 215	4 826	596 341
Speaker	Basic	Travel Allowance	Cellphone Allowance	Pension and Medical Aid	SDL	Total
Cllr Olifant	582 739	-	20 868	87 411	5 724	696 742
Total	582 739	-	20 868	87 411	5 724	696 742
Mayoral committee members	Basic	Travel Allowance	Cellphone Allowance	Pension and Medical Aid	SDL	Total
7 Members	2 305 405	928 851	83 472	481 134	31 076	3 829 938
Total	2 305 405	928 851	83 472	481 134	31 076	3 829 938
Part time councillors	Basic	Travel Allowance	Cellphone and data allowance	Pension and Medical Aid	SDL	Total
17 Members	1 776 672	736 894	264 229	438 538	25 050	3 241 383
Session allowances	677 273	-	-	-	-	677 273
	2 453 945	736 894	264 229	438 538	25 050	3 918 656

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
21. Transfers to local municipalities		
Expenditure during the financial year	974 027	1 048 505
The municipality paid for the refurbishment of Majwemasweu community hall on behalf of Masilonyana Local Municipality during the year.		
22. Depreciation and amortisation		
Property, plant and equipment and intangible assets	4 394 788	6 505 111
23. Impairment of assets		
Impairments		
Property, plant and equipment	-	2 500
Impairment of property, plant and equipment was due to the donation of obsolete assets.		
Trade and other receivables	678 323	1 064 824
Impairment of non recoverable long outstanding debtors		
	678 323	1 067 324
24. Finance costs		
Non-current borrowings	3 552 364	2 320 928
25. Related parties		
Relationships		
Controlled entities		Lejweleputswa Development Agency (SOC) Ltd Refer to note 9
Members of key management		Refer to note 19 and 20
Related party balances		
Investments		
Investments in subsidiary	100	100
Transfers		
Lejweleputswa Development Agency (SOC) Ltd	3 500 000	2 500 000
Purchases from related parties		
Chav Solution	7 171	-
Sunprop	8 889	-
Chav Solution - The father of the shareholder works for the municipality		
Sunprop - The fiancée of the director is an employee of the municipality		
26. Repairs and maintenance		
Repairs and maintenance	539 940	464 512

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
27. Consulting and professional fees		
Legal services	646 960	235 341
Consultant fees	2 883 185	2 345 418
	3 530 145	2 580 759

Consultant fees:

R2 060 994 funded from Rural Roads Asset Management Systems Grant; R55 818 from Financial Management Grant; and R766 373 from internal funding.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
28. General expenses		
Advertising	122 433	136 528
Arts and culture	99 560	129 915
Audit committee	149 071	113 312
Auditors remuneration	1 995 067	2 182 603
Bank charges	103 797	67 083
Branding of the municipality	205 854	54 649
Bursaries	1 441 437	1 807 393
Campaigns	2 848 633	1 227 211
Capacity development programme	929 894	934 000
Children's programme	173 952	65 210
Cleaning	98 519	91 728
Co-operative development	527 550	22 344
Consumables	20 166	26 346
Educational project	468 094	370 658
Electricity	451 509	393 980
Entertainment	418 017	367 399
Environmental development	134 521	125 018
Expanded Public Works Programme	1 290 589	1 546 173
Festivals	2 219 340	750 000
Financial Management Reforms	1 194 363	1 089 468
Fuel and oil	425 907	400 535
Gender disability	29 949	43 435
Grant in aid	261 464	151 999
Insurance	133 894	141 527
Internet expenses	532 031	350 466
LED Development	48 450	266 984
License fees	48 065	359 804
Magazines, books and periodicals	3 505	1 649
Membership fees	641 348	564 660
Moral regeneration	194 185	129 601
OR Tambo games	698 451	484 228
Operating lease payments	440 459	232 448
Other expenses	631 618	133 627
Poverty alleviation	645 557	383 050
Printing and stationery	507 454	506 571
Programmes	228 118	428 646
Property rates	40 469	66 799
Refuse	11 002	10 498
Research and development costs	-	98 148
SMME	71 513	40 930
Security (Guarding of municipal property)	31 122	30 546
Sewerage and waste disposal	1 818	1 470
Skills development levy	527 327	460 034
Staff welfare	438 955	586 235
Subscriptions and membership fees	29 622	28 601
Telephone and fax	328 415	609 915
Training	1 849 790	1 903 551
Travel - overseas	179 552	714 965
Travelling	265 310	315 842
Uniforms	22 786	30 831
Women and children	34 400	-
Youth development	190 164	186 241
	24 385 066	21 164 854
29. Gains or (loss) on disposal of assets		
Gains or (loss) on disposal of assets	27 089	(237 389)

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
30. Financial instruments disclosure		
Categories of financial instruments		
2016		
Financial assets		
	At amortised cost	Total
Other financial assets	40 008 521	40 008 521
Trade and other receivables from non-exchange transactions	743 099	743 099
Cash and cash equivalents	29 826 807	29 826 807
	70 578 427	70 578 427
Financial liabilities		
	At amortised cost	Total
Other financial liabilities	12 615 984	12 615 984
Trade and other payables from exchange transactions	9 696 949	9 696 949
	22 312 933	22 312 933
2015		
Financial assets		
	At amortised cost	Total
Other financial assets	40 366 752	40 366 752
Trade and other receivables from non-exchange transactions	279 204	279 204
Cash and cash equivalents	18 069 343	18 069 343
	58 715 299	58 715 299
Financial liabilities		
	At amortised cost	Total
Other financial liabilities	13 113 086	13 113 086
Trade and other payables from exchange transactions	7 686 618	7 686 618
	20 799 704	20 799 704

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
31. Cash generated from operations		
Surplus	5 212 193	3 504 956
Adjustments for:		
Depreciation and amortisation	4 394 788	6 505 111
Gains or loss on sale of assets	(27 089)	237 389
Impairment	678 323	1 067 324
Movements in retirement benefit assets and liabilities	1 285 000	1 494 000
Movements in provisions	552 666	(306 270)
Movement in long service awards	578 000	281 000
Non-cash journals	-	780 240
Changes in working capital:		
Other receivables from non-exchange transactions	514 293	(452 525)
Payables from exchange transactions	963 340	548 708
VAT	459 462	(507 813)
Unspent conditional grants and receipts	44 111	187 502
	14 655 087	13 339 622

32. Commitments

Authorised operational expenditure

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	501 894	282 185
- in second to fifth year inclusive	367 153	297 805
	869 047	579 990

It is municipality policy to lease certain office equipment under operating leases. The lease term is 3 years at an annual rental. The lease expired in August 2015 and the contract was renewed for an additional period of 3 years. The lease will expire in August 2018.

The municipality leased a telephone system under an operating lease. The lease term is 3 years. The lease will expire in September 2017.

33. Contingencies

Contingent liabilities

Claudia Nyalleng Mthobi-Mafanti	272 176	-
Merredy Lawrence obo Charles Francois Marais	1 000 000	-
Jan Albertus Stroebel	470 000	-
	1 742 176	-

An ex- employee claiming re-instatement and arrear salary.

The municipality was summoned as a second defendant for a claim caused by an accident.

The municipality was summoned as a second defendant for a claim caused by an accident.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
-----------------	------	-------------------

34. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a description of each individual prior period error followed by a summary of the total effect of the prior period errors on the amounts previously disclosed.

1. Accumulated surplus and payables from exchange transactions

The adjustment to the accumulated surplus is due to expenditure relating to previous financial years. The finalisation of a dispute declared by an ex- employee for which the amount for the claim could not be determined at the end of the 2014/2015 financial year and money paid to a deceased employee's child, for benefits received in the 2013/2014 financial year.

The effect of this adjustment on the prior year is as follows:

Adjustments affecting the statement of financial position

Increase in payables from exchange transactions	1 046 990
Decrease in accumulated surplus	(1 046 990)
	<u>-</u>

2. Accumulated surplus and receivables from non - exchange transactions

The adjustment to the accumulated surplus is due to income relating to the previous financial years. The bursary and medical aid refunds.

The effect of these adjustments on the prior year are as follows:

Adjustments affecting the statement of financial position

Increase in accumulated surplus	31 941
Decrease in receivables from non exchange transactions	(31 941)
	<u>-</u>

Statement of Financial Position as at 2015

	Balance as previously reported	Prior period error	Restated balance
Net Assets			
Accumulated surplus - Opening balance	91 997 613	(1 015 049)	90 982 564
Total net assets	<u>91 997 613</u>	<u>(1 015 049)</u>	<u>90 982 564</u>

35. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
-----------------	------	-------------------

35. Risk management (continued)

Liquidity risk

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

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	1 059 282	11 556 702	-
Payables from exchange transactions	9 696 949	-	-
At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	2 145 864	10 967 222	-
Payables from exchange transactions	8 733 609	-	-

Credit risk

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

Cash and cash equivalents and investments - the municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa. The municipality does not expect any counterparty to fail to meet its obligation.

Receivables from non-exchange transactions - management evaluated credit risk relating to customers on an ongoing basis. 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.

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

Financial instrument	2016	2015
Receivables from non-exchange transactions	743 099	247 262
Cash and cash equivalents	29 826 807	18 069 343
Other financial assets	40 008 521	40 366 752

Market risk

Interest rate risk

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

The risk is managed on an on-going basis.

36. Going concern

We draw attention to the fact that at 30 June 2016, the municipality had a surplus of R 5 212 193 and the municipality's total assets exceed its liabilities by R 95 661 462.

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.

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
37. Events after the reporting date		
There was no events after the reporting date, which needs to be disclosed.		
38. Unauthorised expenditure		
Opening balance	1 595 540	1 595 540
Less: Amounts written off by council	(1 595 540)	-
	<u>-</u>	<u>1 595 540</u>
39. Fruitless and wasteful expenditure		
Opening balance	288 680	288 680
Less: Amounts written off by council	(288 680)	-
	<u>-</u>	<u>288 680</u>
The expenditure includes interest paid for late payment to suppliers.		
40. Irregular expenditure		
Opening balance	35 142 700	35 061 963
Add: Irregular expenditure - councillors remuneration July 2015 - January 2016	680 325	1 476 324
Add: Irregular expenditure - supply chain	-	80 737
Less: Amounts written off by council	(35 061 963)	-
Less: Amounts recoverable (not condoned)	(680 325)	(1 476 324)
	<u>80 737</u>	<u>35 142 700</u>
41. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	641 348	564 660
Amount paid - current year	(641 348)	(564 660)
	<u>-</u>	<u>-</u>
Audit fees		
Current year subscription / fee	1 995 067	2 182 603
Amount paid - current year	(1 995 067)	(2 182 603)
	<u>-</u>	<u>-</u>
PAYE, SDL and UIF		
Current year subscription / fee	12 307 733	11 474 293
Amount paid - current year	(12 307 733)	(11 474 293)
	<u>-</u>	<u>-</u>
Pension and medical aid deductions		
Current year subscription / fee	11 420 143	10 761 541
Amount paid - current year	(11 420 143)	(10 761 541)
	<u>-</u>	<u>-</u>

Lejweleputswa District Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
-----------------	------	-------------------

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

VAT

VAT receivable	137 742	597 204
----------------	---------	---------

VAT output payables and VAT input receivables are shown in note 6.

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

42. Deviation from supply chain management regulations

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

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

Details per supplier	Reason for deviation	2016
Flight Specials	The Speaker's official car broke down on Friday and was taken in for repairs, and due to commitment they had over the weekend they had to hire out a car on Saturday when the offices were closed and they couldn't follow proper procurement processes	8 086
		<u>8 086</u>

43. Budget differences

Material differences between budget and actual amounts

Interest received - trading: the budgeted amount was net of impairment.

Other income: commission charged on salaries third party payments.

Interest received - investments: the amount budgeted for was based on a more conservative approach on a volatile market.

Impairment loss/ reversal of impairment: non payment of debtors.

Finance costs - consolidated DBSA loans taken over by ABSA.

Consulting and professional fees: Portion of the spending was budgeted from Rural Roads Asset Management Grant and from the Financial Management Grant. (see note 26)

Appendix A

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written off during the period	Balance at 30 June 2016	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
Loan Stock		-	-	-	-	-	-
Structured loans		-	-	-	-	-	-
Funding facility		-	-	-	-	-	-
Development Bank of South Africa		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Other loans		-	-	-	-	-	-
Lease liability		-	-	-	-	-	-
Annuity loans		-	-	-	-	-	-
Government loans		-	-	-	-	-	-
Total external loans		-	-	-	-	-	-

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

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
Equitable share	National Treasury	26 389	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	No	
Transitional Grang	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
FMG	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
MSIG	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
EPWP	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		26 389	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

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

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2016**

	2016/2015									2015/2014					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Executive and council	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Budget and treasury office	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Corporate services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Economic and environmental services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Planning and development	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Trading services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Electricity	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Standard	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2016**

	2016/2015								2015/2014						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-

**Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2016**

	2016/2015										2015/2014				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote															
Example 1 - Vote1	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 2 - Vote2	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 3 - Vote3	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 4 - Vote4	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 5 - Vote5	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 6 - Vote6	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 7 - Vote7	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 8 - Vote8	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 9 - Vote9	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 10 - Vote10	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 11 - Vote11	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 12 - Vote12	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 13 - Vote13	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 14 - Vote14	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 15 - Vote15	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Total Revenue by Vote	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Expenditure by Vote to be appropriated															
Example 1 - Vote1	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 2 - Vote2	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 3 - Vote3	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 4 - Vote4	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 5 - Vote5	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 6 - Vote6	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 7 - Vote7	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 8 - Vote8	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 9 - Vote9	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 10 - Vote10	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 11 - Vote11	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 12 - Vote12	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 13 - Vote13	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 14 - Vote14	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Example 15 - Vote15	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Total Expenditure by Vote	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	

**Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2016**

	2016/2015							2015/2014							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Interest earned - external investments	-	-	-	-		-	5 873 301		5 873 301	DIV/0 %	DIV/0 %				4 476 175
Interest earned - outstanding debtors	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Licences and permits	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other revenue	-	-	-	-		-	307 135		307 135	DIV/0 %	DIV/0 %				230 940
Gains on disposal of PPE	-	-	-	-		-	27 089		27 089	DIV/0 %	DIV/0 %				(237 389)
Total Revenue (excluding capital transfers and contributions)	-	-	-	-		-	6 207 525		6 207 525	DIV/0 %	DIV/0 %				4 469 726

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2016

	2016/2015							2015/2014							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type															
Employee related costs	-	-	-	-	-	-	66 029 891	-	66 029 891	DIV/0 %	DIV/0 %	-	-	-	62 537 764
Remuneration of councillors	-	-	-	-	-	-	9 041 677	-	9 041 677	DIV/0 %	DIV/0 %	-	-	-	9 293 511
Debt impairment	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Depreciation & asset impairment	-	-	-	-	-	-	5 073 111	-	5 073 111	DIV/0 %	DIV/0 %	-	-	-	7 572 435
Finance charges	-	-	-	-	-	-	3 552 364	-	3 552 364	DIV/0 %	DIV/0 %	-	-	-	2 320 928
Bulk purchases	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	-	-	-	-	-	-	3 530 145	-	3 530 145	DIV/0 %	DIV/0 %	-	-	-	2 580 759
Transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other expenditure	-	-	-	-	-	-	29 399 032	-	29 399 032	DIV/0 %	DIV/0 %	-	-	-	25 177 873
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure	-	-	-	-	-	-	116 626 220	-	116 626 220	DIV/0 %	DIV/0 %	-	-	-	109 483 270
Surplus/(Deficit)	-	-	-	-	-	-	(110 418 695)	-	(110 418 695)	DIV/0 %	DIV/0 %	-	-	-	(105 013 544)
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	(110 418 695)	-	(110 418 695)	DIV/0 %	DIV/0 %	-	-	-	(105 013 544)
Taxation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after taxation	-	-	-	-	-	-	(110 418 695)	-	(110 418 695)	DIV/0 %	DIV/0 %	-	-	-	(105 013 544)
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) attributable to municipality	-	-	-	-	-	-	(110 418 695)	-	(110 418 695)	DIV/0 %	DIV/0 %	-	-	-	(105 013 544)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	(110 418 695)	-	(110 418 695)	DIV/0 %	DIV/0 %	-	-	-	(105 013 544)

**Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2016**

	2016/2015										2015/2014				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Single-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Vote	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2016

	2016/2015									2015/2014					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Funded by:															
National Government	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Provincial Government	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Funding	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-

Appendix G5 Budgeted Cash Flows for the year ended 30 June 2016

	2016/2015					2015			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	-	-	-	-	12 571 809	12 571 809	DIV/0 %	DIV/0 %	8 128 155
Government - operating	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Government - capital	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Interest	-	-	-	-	5 873 301	5 873 301	DIV/0 %	DIV/0 %	4 476 175
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	-	-	-	-	129 134 270	129 134 270	DIV/0 %	DIV/0 %	122 120 751
Finance charges	-	-	-	-	3 552 364	3 552 364	DIV/0 %	DIV/0 %	2 320 928
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	-	-	-	-	151 131 744	151 131 744	DIV/0 %	DIV/0 %	137 046 009
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	27 089	27 089	DIV/0 %	DIV/0 %	(237 389)
Decrease (increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	(358 232)	(358 232)	DIV/0 %	DIV/0 %	10 081 850
Payments									
Capital assets	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used investing activities	-	-	-	-	(331 143)	(331 143)	DIV/0 %	DIV/0 %	9 844 461
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	(497 103)	(497 103)	DIV/0 %	DIV/0 %	(1 847 014)
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of borrowing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	-	-	-	-	(497 103)	(497 103)	DIV/0 %	DIV/0 %	(1 847 014)
Net increase/(decrease) in cash held	-	-	-	-	150 303 498	150 303 498	DIV/0 %	DIV/0 %	145 043 456
Cash/cash equivalents at the year begin:					820 304 035				1 185 537 125
Cash/cash equivalents at the year end:	-	-	-	-	970 607 533	150 303 498	DIV/0 %	DIV/0 %	