MAKHUDUTHAMAGA LOCAL MUNICIPALITY

Mmogo re somela diphetogo! | Together working for change!

(Registration number LIM473)
Annual Financial Statements
for the year ended 30 June 2015

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Provision of municipal quality services and maintaining the best interests of the local community in the Makhuduthamaga area
Mayoral committee	
Municipal Mayor	Cllr Matlala M.A
Executive committee	Cllr Makaleng M (Council Speaker)
	Cllr Malaka M.S (Chief Whip)
	Cllr Lerobane M.P
	Cllr Maisela R.K
	Cllr Madiba M.F
	Cllr Chego K.D (Head of Budget & Treasury portfolio)
	Cllr Maitula B.M (Head of Infrastructure development portfolio)
	Cllr Matjomane N.M (Head of Economic Development and Planning)
	Cllr Nkadimeng S.P (Head of Community Services portfolio)
	Cllr Maserumule M.O (Head of Corporate services)
	Cllr Tala M.A
Grading of local authority	Low capacity municipality
Accounting Officer	Mr Moropa M.E
Acting Chief Finance Officer (ACFO)	Ms Lamola R.M
Registered office	Makhuduthamaga Municipality LIM473 No 1 Groblersdal road Next to Jane Furse Plaza 1085
Business address	No 1 Groblersdal road Next to Jane Furse Plaza Jane Furse 1085 www.makhuduthamaga.gov.za
Postal address	Private Bag x 434 Jane Furse 1085 Tel:013 265 8600 Fax:013 265 1975
Bankers	ABSA Bank Limited
Auditors	Auditor General South Africa

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The reports and statements set out below comprise the annual financial statements presented to the the council of Makhuduthamaga Municipality:

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Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MBRR	Municipal Budget and Reporting Regulation
IFRS	International Financial Reporting Standards

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 was given unrestricted access to all financial records and related data.

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

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

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 can be relied on for the preparation of the annual financial statements.

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has and has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 7 to 87, and appendixes as set out on page 88 to 104 which have been prepared on the going concern basis, were approved by the accounting officer of the municipality on 26 November 2015 and were signed on its behalf by:

Accounting Officer
Moropa M.E

Audit and Performance Committee Report

We are pleased to present our report for the financial year ended 30 June 2015.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year nine (09) meetings were held. The attendance of the audit committee meetings were as follows.

Name of member	Number of meetings attended
Gafane L.A.T (Chairperson) - Re-appointed on 01 May 2014	8
Chuene V.K - Re-appointed on 01 May 2014	9
Ndadana L.M CA(SA) - Appointed on 01 May 2014	9
Makaba G.M - Appointed on 01 May 2014	4
Mashala K.E CA(SA) - Re-appointed on 01 May 2014	8

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.

The effectiveness of internal control

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

Evaluation of annual financial statements

The audit committee has:

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

The audit committee concur with and accept the Auditor-General of South Africa's report the 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.

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Chairperson of the Audit Committee (Gafane L.A.T)

Date: ______________________

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The municipality is engaged in provision of municipal quality services and maintaining the best interests of the local community in the Makhuduthamaga area and operates principally in South Africa.

Net surplus of the municipality was R 9 562 426 (2014: surplus R 79 261 055).

2. Going concern

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

3. Subsequent events

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

4. Accounting policies

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

5. Accounting Officer

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

Name	Nationality
ME Moropa	South African

6. Bankers

The municipality banks primarily with Absa Bank Limited

7. Auditors

Auditor General South Africa will continue in office for the next financial period.

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Current Assets			
Cash and cash equivalents	3	112 117 414	129 701 971
Inventories	4	407 317	763 222
Receivables from non exchange transactions	5	13 589 871	3 422 269
Receivables from exchange transactions	6	1 098 190	1 037 008
VAT receivable	7	16 216 697	15 296 313
		143 429 489	**150 220 783**
Non-Current Assets			
Intangible assets	8	853 969	1 008 605
Investment property	9	1 171 500	1 171 500
Property, plant and equipment	10	218 385 036	200 546 431
		220 410 505	**202 726 536**
Total Assets		**363 839 994**	**352 947 319**
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	28 662 546	22 240 751
Unspent conditional grants and receipts	12	2 716 648	7 792 195
Long Service awards	13	-	42 787
		31 379 194	**30 075 733**
Non-Current Liabilities			
Employee benefit obligation	13	1 513 000	1 806 000
Long service awards	13	1 300 000	980 213
		2 813 000	**2 786 213**
Total Liabilities		**34 192 194**	**32 861 946**
Net Assets		**329 647 800**	**320 085 373**
Accumulated surplus		329 647 800	320 749 777

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Government grants & subsidies	15	237 136 547	203 683 107
Interest received	16	25 206 011	20 282 597
Other income	17	749 059	577 000
Property rates	18	29 841 456	43 986 731
Licenses and permits		4 400 484	4 038 872
Rental of facilities and equipment		105 503	75 369
Gain on disposal of assets		1 717	341 641
Actuarial gain	19	684 000	1 538 000
Traffic fines	20	635 095	156 030
Donation received	21	236 303	-
Total revenue		**298 996 175**	**274 679 347**
Expenditure			
Employee related costs	22	46 859 327	43 738 747
Remuneration and allowances of councillors	23	17 529 038	16 688 275
Administration	24	7 185 419	6 054 400
Depreciation and amortisation	25	13 714 802	10 721 100
Impairment loss/ Reversal of impairments	26	18 442	-
Finance costs	27	260 000	283 366
Debt impairment	28	27 988 970	36 155 334
Repairs and maintenance	29	24 211 335	15 446 776
Contracted services	30	12 761 396	13 037 163
Transfers and subsidies	31	4 883 432	4 714 587
Loss on disposal of assets	32	97 642 738	17 909 314
General expenses	33	34 165 810	28 302 262
Auditor's remuneration	34	2 213 040	2 366 967
Total expenditure		**289 433 749**	**195 418 291**
Operating surplus		**9 562 426**	**79 261 055**
Surplus for the year		**9 562 426**	**79 261 055**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	243 946 557	243 946 557
Adjustments		
Prior year adjustments	(3 122 239)	(3 122 239)
Balance at 01 July 2013 as restated*	**240 824 318**	**240 824 318**
Changes in net assets		
Surplus for the year	79 261 055	79 261 055
Prior period error - Prepaid expense	434 404	434 404
Prior Period error - Post employment benefits	230 000	230 000
Total changes	79 925 459	79 925 459
Balance at 01 July 2014	**320 085 374**	**320 085 374**
Changes in net assets		
Surplus for the year	9 562 426	9 562 426
Total changes	9 562 426	9 562 426
Balance at 30 June 2015	**329 647 800**	**329 647 800**

Note(s)

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Property rates, VAT and traffic fines		8 425 156	12 799 335
Cash received from consumers and other sources of revenue		5 169 012	4 537 402
Grants		232 147 034	185 805 839
Interest income		8 119 268	7 827 305
		253 860 470	210 969 881
Payments			
Employee costs		(46 451 327)	(42 904 747)
Cash paid to suppliers and other related services		(78 666 451)	(65 049 811)
Councillors' allowances		(17 529 038)	(16 688 275)
		(142 646 816)	(124 642 833)
Net cash flows from operating activities	35	**111 213 654**	**86 327 048**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(128 615 110)	(83 208 535)
Proceeds from sale of property, plant and equipment	10	6 724	390 150
Purchase of other intangible assets	8	(189 825)	(1 121 188)
Net cash flows from investing activities		**(128 798 211)**	**(83 939 573)**
Cash flows from financing activities			
Finance lease payments		-	(80 649)
Net increase/(decrease) in cash and cash equivalents		**(17 584 557)**	**2 306 826**
Cash and cash equivalents at the beginning of the year		129 701 971	127 395 145
Cash and cash equivalents at the end of the year	3	**112 117 414**	**129 701 971**

Makhuduthamaga Local Municipality

(Registration number LIM473)
Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	For material variances refer to:
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	72 600	10 000	**82 600**	105 503	**22 903**	Appendix E1
Licenses and permits	5 565 352	(1 000 000)	**4 565 352**	4 400 484	**(164 868)**	Appendix E1
Gain on disposal of assets	-	-	**-**	1 717	**1 717**	Appendix E1
Actuarial gain	-	-	**-**	684 000	**684 000**	Appendix E1
Other income	1 430 000	(200 000)	**1 230 000**	749 059	**(480 941)**	Appendix E1
Interest received - investment	11 397 643	150 000	**11 547 643**	8 119 268	**(3 428 375)**	Appendix E1
Interest earned - Outstanding debtors	10 361 492	6 000 000	**16 361 492**	17 086 743	**725 251**	Appendix E1
Total revenue from exchange transactions	**28 827 087**	**4 960 000**	**33 787 087**	**31 146 774**	**(2 640 313)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	35 616 305	(5 772 515)	**29 843 790**	29 841 456	**(2 334)**	Appendix E1
Traffic fines	2 500 000	(2 000 000)	**500 000**	635 095	**135 095**	Appendix E1
Donation received	-	-	**-**	236 303	**236 303**	Appendix E1
Transfer revenue						
Government grants & subsidies	242 788 000	-	**242 788 000**	237 136 547	**(5 651 453)**	Appendix E1
Total revenue from non-exchange transactions	**280 904 305**	**(7 772 515)**	**273 131 790**	**267 849 401**	**(5 282 389)**	
Total revenue	**309 731 392**	**(2 812 515)**	**306 918 877**	**298 996 175**	**(7 922 702)**	
Expenditure						
Personnel	(63 224 962)	8 904 150	**(54 320 812)**	(46 859 327)	**7 461 485**	Appendix E1
Remuneration and allowances of councillors	(18 373 380)	(89 246)	**(18 462 626)**	(17 529 038)	**933 588**	Appendix E1
Depreciation, impairment and amortisation	(15 105 200)	2 107 079	**(12 998 121)**	(13 714 802)	**(716 681)**	Appendix E1
Debt impairment	(1 637 590)	(17 297 561)	**(18 935 151)**	(27 988 970)	**(9 053 819)**	Appendix E1
Contracted Services	(35 712 000)	(9 325 860)	**(45 037 860)**	(38 271 225)	**6 766 635**	Appendix E1
General Expenses	(56 806 042)	(1 196 427)	**(58 002 469)**	(47 427 649)	**10 574 820**	Appendix E1
Total expenditure	**(190 859 174)**	**(16 897 865)**	**(207 757 039)**	**(191 791 011)**	**15 966 028**	
Operating surplus	**118 872 218**	**(19 710 380)**	**99 161 838**	**107 205 164**	**8 043 326**	
Loss on disposal of assets and liabilities	-	-	**-**	(97 642 738)	**(97 642 738)**	Appendix E1
Surplus before taxation	**118 872 218**	**(19 710 380)**	**99 161 838**	**9 562 426**	**(89 599 412)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	For material variances refer to:
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**118 872 218**	**(19 710 380)**	**99 161 838**	**9 562 426**	**(89 599 412)**	

Makhuduthamaga Local Municipality

(Registration number LIM473)
Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	For material variances refer to:
Statement of Financial Position						
Assets						
Current Assets						
Inventories	430 000	-	**430 000**	407 317	**(22 683)**	Narations for material variances below
Receivables from exchange transactions	-	-	**-**	1 098 192	**1 098 192**	Narations for material variances below
VAT receivable	11 192 811	-	**11 192 811**	16 216 697	**5 023 886**	Narations for material variances below
Receivables from non exchange transactions	179 897 500	(158 153 926)	**21 743 574**	13 589 871	**(8 153 703)**	Narations for material variances below
Cash and cash equivalents	37 984 831	20 516 473	**58 501 304**	112 117 414	**53 616 110**	Narations for material variances below
	229 505 142	**(137 637 453)**	**91 867 689**	**143 429 491**	**51 561 802**	
Non-Current Assets						
Investment property	1 171 500	-	**1 171 500**	1 171 500	**-**	Narations for material variances below
Property, plant and equipment	374 366 215	(16 109 961)	**358 256 254**	218 385 034	**(139 871 220)**	Narations for material variances below
Intangible assets	363 796	500 000	**863 796**	853 969	**(9 827)**	Narations for material variances below
	375 901 511	**(15 609 961)**	**360 291 550**	**220 410 503**	**(139 881 047)**	
Total Assets	**605 406 653**	**(153 247 414)**	**452 159 239**	**363 839 994**	**(88 319 245)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	27 802 947	-	**27 802 947**	28 662 546	**859 599**	Narations for material variances below
Unspent conditional grants and receipts	-	-	**-**	2 716 648	**2 716 648**	Narations for material variances below
	27 802 947	**-**	**27 802 947**	**31 379 194**	**3 576 247**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	For material variances refer to:
Non-Current Liabilities						
Employee benefit obligation	1 802 000	-	**1 802 000**	1 513 000	**(289 000)**	Narations for material variances below
Long service awards	1 450 000	-	**1 450 000**	1 300 000	**(150 000)**	Narations for material variances below
	3 252 000	**-**	**3 252 000**	**2 813 000**	**(439 000)**	
Total Liabilities	**31 054 947**	**-**	**31 054 947**	**34 192 194**	**3 137 247**	
Net Assets	**574 351 706**	**(153 247 414)**	**421 104 292**	**329 647 800**	**(91 456 492)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	574 351 706	(153 247 414)	**421 104 292**	329 647 800	**(91 456 492)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	For material variances refer to:
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Rate payers and other	19 767 951	(2 812 515)	**16 955 436**	13 594 168	**(3 361 268)**	Narations for material variances below
Government grants	242 788 000	-	**242 788 000**	232 147 034	**(10 640 966)**	Narations for material variances below
Interest income	11 397 642	-	**11 397 642**	8 119 268	**(3 278 374)**	Narations for material variances below
	273 953 593	**(2 812 515)**	**271 141 078**	**253 860 470**	**(17 280 608)**	
Payments						
Employee costs	(63 224 962)	8 904 150	**(54 320 812)**	(46 451 327)	**7 869 485**	Narations for material variances below
Suppliers	(92 518 042)	(25 712 768)	**(118 230 810)**	(78 666 451)	**39 564 359**	Narations for material variances below
Councilor Allowances	(18 373 379)	(89 246)	**(18 462 625)**	(17 529 038)	**933 587**	Narations for material variances below
	(174 116 383)	**(16 897 864)**	**(191 014 247)**	**(142 646 816)**	**48 367 431**	
Net cash flows from operating activities	**99 837 210**	**(19 710 379)**	**80 126 831**	**111 213 654**	**31 086 823**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(156 477 663)	(10 072 383)	**(166 550 046)**	(128 615 110)	**37 934 936**	Narations for material variances below
Proceeds from sale of property, plant and equipment	-	-	**-**	6 724	**6 724**	Narations for material variances below
Purchase of other intangible assets	(200 000)	20 000	**(180 000)**	(189 825)	**(9 825)**	Narations for material variances below
Net cash flows from investing activities	**(156 677 663)**	**(10 052 383)**	**(166 730 046)**	**(128 798 211)**	**37 931 835**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	For material variances refer to:
Net increase/(decrease) in cash and cash equivalents	(56 840 453)	(29 762 762)	**(86 603 215)**	(17 584 557)	**69 018 658**	
Cash and cash equivalents at the beginning of the year	94 825 283	34 876 688	**129 701 971**	129 701 971	-	Narations for material variances below.
Cash and cash equivalents at the end of the year	**37 984 830**	**5 113 926**	**43 098 756**	**112 117 414**	**69 018 658**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	For material variances refer to:

Narations for material variances (above 10%).

Statement of financial performance (Revenue) variances.

Rental of facilities and equipments (26% positive variance)

The variance resulted from an increase in number of contracts for rental of facilities during the year under review

Gain on disposal of assets (100% positive variance)

During the year one of the officials lost a laptop and was claimed from the insurance. The asset was disposed and a gain of R1 717 was recognised on disposal. I resulted in 100% variance as it the transaction was not budgeted for in 2014/15 financial year.

Actuarial gain (100% positive variance)

The actuarial gain was not budgeted for in 2014/15 financial year.

Other income (39% negative variance)

The sale of tender documents was lower than projected when preparing the budget for 2014/15.

Interest on investment

The line item was overbudgeted during the adjustment budget for 2014/15.

Interest on outstanding debtors (4% positive variance)

The variance resulted from high amounts of unpaid debtors accounts for Property rates.

Donations received (100% positive variance).

The municipality received donation of assets during the year from Department of Arts and were not budgeted for.

Government grant and subsidies (2% negative variance)

National Treasury disapproved the municipality's application for rollover for MIG and INEG from 2013/14 and the amount was set off against the equitable share for 2014/15. The municipality has an unspend portion of a conditional grant (MIG) in 2014/15.

Statement of financial performance (Expenditure)

Personnel (13% negative variance)

The municipality had vacant positions which were not filled in 2014/15 financial year.

Contracted services (13% negative variance)

The budget for repairs and maintenance for roads and bridges was not fully utilised by year end. The remaining amount of the budget was committed as at year emd.

Statement of financial Position Variances

Receivables from exchange transactions (100%)

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	For material variances refer to:

The receivables from exchange transactions were not budgeted for.

VAT receivable (45% negative variance).

The municipality did not spent 100% of its capita budget and the calculation for VAT receivable during budget preparation was based on an assumption that the total capital budget will be spent in 2014/15.

Receivables from non exchange transactions (37% negative variance)

The amount of debt impairment provision used during the preparation of the budget was lower than the actual debt impairment due to non payment of accounts by debtors during 2014/15.

Cash and cash equivalents.

The expendture budget for 2014/15 was not fully utilised due to incomplete capital projects and other operational programmes not implemented during the year.

The municipality has also managed to recover VAT input from SARS.

Cash flow statement Variances

Property Plant and Equipment (38% negative variance).

Incomplete assets, and roads that belongs to RAL were written off the municipality's asset register.

Proceeds on disposal of assets (100% positive variance).

The proceeds resulted from a laptop that was lost during the year and was claimed from the insurance company. The municipality did not budget for this proceeds.

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 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.

1.3 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:

Receivables

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

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

Allowance for slow moving, damaged and obsolete stock

In determining the allowance for stock to write stock down to the lower of cost or net realisable value, management have made estimates of the selling price and direct cost to sell on certain inventory items.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable (services) amount of cash-generating units and individual assets have been determined based on the higher of value in use calculations and fair value less cost to sell. The calculations require the use of estimates and assumptions.

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 flow of other assets and liabilities. If there are indications that impairment may have accoured, 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 signifivantly affected by a number of factors including 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 occured, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent 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.

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 13.

Effective interest rate

The municipality used the prime interest rate plus 1% to discount future cash flows.

Allowance for doubtful debts

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

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Accounting Policies

1.4 Investment property (continued)

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

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

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

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

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

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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

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

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

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Indifinite
Buildings	Straight line	25 Years
Plant and machinery	Straight line	2 - 10 Years
Furniture and fixtures	Straight line	7 Years
Motor vehicles	Straight line	8 Years
Office equipment	Straight line	3 - 5 Years
IT equipment	Straight line	5 Years
Loose tools	Straight line	5 Years
Bridges	Straight line	15 Years
Prefabricated culvets	Straight line	15 Years
Concrete kerbing, channeling, chutes and downpipes	Straight line	40 Years
Mass earthworks	Straight line	80 Years
Pavement layers	Straight line	15 Years
Prime coat	Straight line	15 years
Double seal	Straight line	15 Years
Pitching, Stonework and protection	Straight line	15 Years
Gabions	Straight line	25 Years
Guardrails	Straight line	25 Years
Road signs	Straight line	15 Years
Road markings	Straight line	15 Years

Accounting Policies

1.5 Property, plant and equipment (continued)

Concrete block paving for roads	Straight line	15 Years
Concrete for structures	Straight line	15 Years
Street lighting	Straight line	15 Years
High mast lights	Straight line	15 Years
Capital Work In Progress	Straight line	Not depreciated
Asphalt surface	Straight line	15 Years

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

Reviewing the useful life of an asset on an annual basis does not require the 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.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Accounting Policies

1.6 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	**Useful life**
Computer software	3-5 years

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

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

1.7 Financial instruments

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

1.7 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
Receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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 from exchange transactions	Financial liability measured at amortised cost

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

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 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 a financial asset and financial liability initially at its fair value [if subsequently measured 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:

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

Accounting Policies

1.7 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.

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 entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

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, iether through established practices or legislation.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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.

Financial assets measured at cost:

Accounting Policies

1.7 Financial instruments (continued)

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.

Accounting Policies

1.7 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 :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

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

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

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

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

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

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue 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.

Accounting Policies

1.7 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 municipality 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).

1.8 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability

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

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

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

Operating leases - lessee

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

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.

Accounting Policies

1.9 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.10 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

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 test 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.

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.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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.

1.10 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 use 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 entity 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.

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess 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 entity 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.

1.11 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

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

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 entity also test 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.

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 assets 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.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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.

Accounting Policies

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

Reversal of an impairment loss

The municipality assess 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.

1.12 Employee benefits

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

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

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

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

Accounting Policies

1.12 Employee benefits (continued)

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 entity during a reporting period, the entity recognise 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 recognise 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 measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise 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 entity 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.

Accounting Policies

1.12 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 recognise 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 recognise 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.

1.12 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 recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

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 entity recognise 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 entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

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 measure 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.

Accounting Policies

1.12 Employee benefits (continued)

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;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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, an municipality shall attribute 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, an municipality shall attribute 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-measure 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 not 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.

Accounting Policies

1.12 Employee benefits (continued)

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.

Other long-term employee benefits.

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

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 service awards are recognised in the statement of financial performance.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the long service award liability 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 shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Accounting Policies

1.12 Employee benefits (continued)

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity 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 entity 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 12 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.

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

1.13 Provisions and contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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

1.13 Provisions and contingencies (continued)

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

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

1.14 Commitments

Items are classified as commitments when the municpality has committed itself to future transactions that will normally result in the outflow of cash.

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.

1.15 Revenue from exchange transactions

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

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

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

Measurement

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

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Sale of goods

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

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

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

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

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

1.16 Revenue from non-exchange transactions

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

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

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

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

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

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

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

Recognition

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

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

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

Measurement

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

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

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

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

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

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect.Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assesing the likelihood of these discounts or reductions being taken up by debtors.

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the statement of changes in equity recognises revenue as and when it satisfies the conditions of the loan agreement.

Accounting Policies

1.17 Investment income

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

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

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

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget.
- overspending of the total amount appropriated for a vote in the approved budget.
- expenditurefrom a vote unrelated to the department or functional area covered by the vote.
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- spending of an allocation reffered to in paragraph (b), (c) or (d) of the definition of ällocation"otherwise than in acordance with any conditions of the allocation; or.
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

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.

1.21 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.

1.22 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 economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was inccurred.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.

Accounting Policies

1.23 Budget information

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

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

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.

1.24 Related parties

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

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

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

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

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and :

those that are indicative of conditions that arose after the reporting date (non - adjusting 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.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 5 (revised 2013): Borrowing Costs

Benchmark treatment is to recognise borrowing costs as an expense.

- Allowed alternative is to capitalise borrowing costs if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs.
- All ammendments to be applied prospectively.
- The effective date for the ammendment is for the years beginning on or after 01 April 2014.
- The municipality has adopted the ammendment for the first time in the 2015 annual financial statements.
- The impact of the ammend ment is not material.

GRAP 100 (revised 2013): Discontinued Operations

All accounting, presentation and disclosure requirements with regard to non-current assetss held for sale (or disposal groups) have been deleted. The impact of the ammendments is:

- Will no longer be required to reclassify assets as held for sale. GRAP 100 now only deals with discontinued operations.
- Certain disclosure must be made if, at the reporting date, management has taken a decision to dispose of a significant asset or a group of assets and liabilities. Wil fall under the standard of GRAP on Presentation of Financial statements.
- Measurement requirements are to be applied prospectively and presentation and disclosure requirements are to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the ammendment is not material..

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 2015 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality’s overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

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

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

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

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 transfor) 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 effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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. 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 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 effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for 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. Inte 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 betwen the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements..

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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.

An municipality applies this standard in:
- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) 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 municipality:
- 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 furthermore states that 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

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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 become effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity (‘SPE’) may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called ‘autopilot’). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties (‘capital providers’) may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE’s activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE’s activities, even though it may own little or none of the SPE’s net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2016 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: ‘When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction’. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that ‘a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest’. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities (‘JCEs’).

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE (‘additional consideration’).

The issues are:

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2016 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. These ammendments should be applied prospectively for annual financial periods beginning on or after 1 April 2015.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. These ammendments should be applied prospectively for annual financial periods beginning on or after 1 April 2015 from the date at which the municipality first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of this ammendment is in conjunction with the effective date of GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the ammendment will have a material impact on the municipality's annual financial statements.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .16 was ammended by the improvements to the Standards of GRAP issued on 1 April 2012. These ammendments should be applied prospectively for annul financial periods beginning on or after 1 April 2015.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .20, .26 and .36 and added paragraph .22. These ammendments and addition should be applied when the municipality applies the Standard of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and mergers.

The effective date of this amendment is in conjunction with the effective date of GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the ammendment will have a material impact on the municipality's annual financial statements.

GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. These ammendments should be applied prospectively for annual financial periods beginning on or after 1 April 2015.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of this ammendment is in conjunction with the effective date of GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the ammendment will have a material impact on the municipality's annual financial statements.

GRAP32: Service Concession Arrangements: Grantor

The standard aplies to a contractual arrangement between a grantor an an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for 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.

PP 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 concerssion asset with a corresponding liability, being the performance obligation, if certain creteria 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 become effective, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP108: 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 amount..

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 receivables is changed subsiquently to initial recogntion to reflect any

- Interest or other charges that may have accrued on the receivables.

- Impairment losses; and

- amounts derecognised.

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

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time once it become effective, but has already formulated an accounting policy for this reporting period based on the standard.

The expected impact of the standard will not be material on the municipality's annual financial statements..

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is 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 is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

This interpretation has been approved ny the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt theinterpretation for the first time once it become effective, but already formulated an accounting policy for this reporting period based on the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements. .

DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP

The objective of this Directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This Directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this Directive allows an entity, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the entity made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this Directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the directive is for years beginning on or after 1 April 2015.

The municipality expects to adopt the directive for the first time in the 2016 annual financial statements.

The expected impact of the directive is will not be material on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality’s accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

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

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

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

GRAP25 defines, amongst others, the following:

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

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

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

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

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

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:
- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

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

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

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

The effective date of the standard is for years beginning on or after 01 April 2013.

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

Paragraphs .108 and .109 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Statement of Financial Performance as well as the Statement of Changes in Net Assets.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013

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

Paragraphs .17 and .18 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Changes in Accounting Policies.

The effective date of the amendment is for years beginning on or after 01 April 2013

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

Paragraph .17 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

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

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Scope and Definitions.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

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

GRAP 12 (as revised 2012): Inventories

Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

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

GRAP 13 (as revised 2012): Leases

Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

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

GRAP 16 (as revised 2012): Investment Property

Paragraphs .12, .15, .34, .76, .84 and .87 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Measurement at recognition, Disposals and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

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

Figures in Rand	2015	2014

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	751	668
Bank balances	112 116 663	129 701 303
	112 117 414	**129 701 971**

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
ABSA Bank - 4050384145 - Primary cheque account	46 499 212	72 495 985	41 636 851	63 390 032
ABSA Bank - 4069702429 - Call account	70 474 874	66 137 372	70 474 874	66 137 372
ABSA Bank - 4076690079 - Salaries bank account	4 938	173 899	4 938	173 899
Total	**116 979 024**	**138 807 256**	**112 116 663**	**129 701 303**

4. Inventories

Consumable stores	407 317	763 222

4.1 Reconciliation of Inventory

Opening balance as per GL	763 222	378 374
Add: Receipts	425 027	1 614 053
Less: Issues	(780 932)	(1 229 205)
	407 317	**763 222**

5. Receivables from non-exchange transactions

Gross balances		
Rates	189 139 574	151 518 522
Traffic fines	665 270	129 750
	189 804 844	**151 648 272**
Less: Allowance for impairment		
Rates	(176 214 973)	(148 226 003)
Net balance		
Rates	12 924 601	3 292 519
Traffic fines	665 270	129 750
	13 589 871	**3 422 269**
Rates		
Current	2 922 254	861 752
1 - 30 days	3 647 951	867 601
31 - 60 days	-	837 687
61 - 90 days	3 614 560	725 479
Over 90 days	2 739 836	-
	12 924 601	**3 292 519**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

5. Receivables from non-exchange transactions (continued)

Traffic fines		
Current (0 -30 days)	18 950	61 200
31 - 60 days	37 350	6 600
61 - 90 days	45 350	5 000
91 - 120 days	18 250	56 950
121 - 365 days	545 370	-
	665 270	**129 750**

Summary of receivables from non-exchange transactions by customer classification

Industrial/ commercial		
Current	1 271 414	486 761
1 - 30 days	583 235	478 456
31 - 60 days	(203 982)	481 584
61 - 90 days	575 280	449 067
Over 90 days	29 661 336	23 639 281
	31 887 283	25 535 149
Less: Allowance for impairment	(29 865 755)	(25 529 756)
	2 021 528	**5 393**

National and provincial government		
Current	4 573 094	2 997 786
1 - 30 days	3 064 715	3 022 089
31 - 60 days	-	2 936 183
61 - 90 days	3 039 281	4 649 841
Over 90 days	145 799 341	111 767 749
	156 476 431	**125 373 648**

Total		
Current	5 863 459	3 545 747
1 - 30 days	3 685 300	3 500 545
31 - 60 days	(158 632)	3 424 367
61 - 90 days	3 632 810	5 103 909
Over 90 days	176 781 907	136 073 704
	189 804 844	151 648 272
Less: Allowance for impairment	(176 214 973)	(148 226 003)
	13 589 871	**3 422 269**

Less: Allowance for impairment		
Current	(1 740 245)	(6 985 092)
1 - 30 days	(3 859 502)	(3 417 767)
31 - 60 days	(3 852 829)	(5 098 908)
61 - 90 days	(166 762 397)	(132 724 236)
	(176 214 973)	**(148 226 003)**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

5. Receivables from non-exchange transactions (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(148 226 003)	(112 070 669)
Contribution to provision	(27 988 970)	(36 155 334)
	(176 214 973)	**(148 226 003)**

Receivables from non - exchange transactions impaired

As of 30 June 2015, receivables from non-exchange transactions of R (176 214 973) (2014: R (148 226 003)) were impaired and provided for.

6. Receivables from exchange transactions

Pre-paid expense (SALGA Levy, Insurance)	672 010	434 404
Other debtors	23 807	12 285
Accrued income (Interest on Investment)	402 373	590 319
	1 098 190	**1 037 008**

The amount for Other debtors is an accrued income for site rental and debt raised against employees who lost their laptops.The amount will be fully recovered from the responsible officials

7. VAT receivable

VAT	16 216 697	15 296 313

VAT is payable on invoice basis and claimed from SARS when a tax invoice is received

Reconciliation

Balance at the beginning of the year	15 296 313	9 949 468
Plus: Net refunds as per VAT receivable	23 676 508	16 898 345
Plus: Current year VAT suspense - retention amount	3 775 479	3 582 050
Less: Prior year suspense - retention amount	(3 582 050)	(3 302 129)
Less: VAT payments by SARS - Current year	(13 894 058)	(7 842 850)
Less: VAT payments by SARS - Previous year	(9 055 495)	(3 909 278)
Add VAT adjustments:Prior year	-	(79 293)
	16 216 697	**15 296 313**

8. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 656 314	(1 802 345)	853 969	2 466 489	(1 457 884)	1 008 605

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	1 008 605	189 825	(344 461)	853 969

8. Intangible assets (continued)

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	386 650	1 121 188	(499 233)	1 008 605

Other information

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality

No intangible assets were pledged as security for liabilities

9. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 171 500	-	1 171 500	1 171 500	-	1 171 500

Reconciliation of investment property - 2015

	Opening balance	Total
Investment property	1 171 500	1 171 500

Reconciliation of investment property - 2014

	Opening balance	Total
Investment property	1 171 500	1 171 500

Details of valuation

Investment properties was valued by Landdata Valuations (pty) ltd an independent professional valuer with registration number 1988/001677/07.The Municipal Valuer has experience of properties within the jurisdiction of Makhuduthamaga Local Municipality.The valuation was based on an open market value for existing use:

Details of property

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. No revenue was earned from the investment property as the property is vacant land held for long term capital appreciation

No investment property was pledged as security for liabilities

10. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	200 000	-	200 000	200 000	-	200 000
Buildings	17 307 885	(5 296 245)	12 011 640	17 111 805	(4 604 402)	12 507 403
Furniture and fixtures	3 133 367	(1 703 653)	1 429 714	2 679 562	(1 337 729)	1 341 833
Motor vehicles	19 409 935	(6 450 438)	12 959 497	11 657 166	(4 790 354)	6 866 812
Office equipment	1 312 627	(995 821)	316 806	1 230 117	(819 191)	410 926
IT equipment	7 221 925	(3 056 371)	4 165 554	6 118 379	(1 915 288)	4 203 091
Infrastructure	171 665 834	(35 451 217)	136 214 617	105 250 756	(26 909 972)	78 340 784
Loose tools	2 338 521	(949 470)	1 389 051	1 399 324	(576 106)	823 218
Capital work in progress	49 698 157	-	49 698 157	95 852 364	-	95 852 364
Total	**272 288 251**	**(53 903 215)**	**218 385 036**	**241 499 473**	**(40 953 042)**	**200 546 431**

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Donations received	Transfers	Adjustments	Accumulated depreciation (Disposals)	Depreciation	Total
Land	200 000	-	-	-	-	-	-	-	200 000
Buildings	12 507 402	196 080	-	-	-	-	-	(691 842)	12 011 640
Furniture and fixtures	1 341 832	453 806	-	-	-	-	-	(365 924)	1 429 714
Motor vehicles	6 866 812	8 495 488	(742 719)	-	-	-	433 015	(2 093 099)	12 959 497
Office equipment	410 927	82 510	-	-	-	-	-	(176 631)	316 806
IT equipment	4 203 091	847 391	(10 600)	236 303	-	30 247	5 593	(1 146 471)	4 165 554
Infrastructure	78 340 784	-	-	-	66 415 078	-	-	(8 541 245)	136 214 617
Loose tools	823 218	939 197	-	-	-	-	-	(373 364)	1 389 051
Capital work in progress	95 852 364	117 600 638	(97 339 767)	-	(66 415 078)	-	-	-	49 698 157
	200 546 430	**128 615 110**	**(98 093 086)**	**236 303**	**-**	**30 247**	**438 608**	**(13 388 576)**	**218 385 036**

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Accumulated depreciation (Disposals)	Depreciation	Total
Land	200 000	-	-	-	-	200 000
Buildings	13 191 875	-	-	-	(684 472)	12 507 403
Furniture and fixtures	986 322	669 309	(10 293)	10 293	(313 798)	1 341 833
Motor vehicles	4 007 344	4 208 153	(563 128)	514 620	(1 300 177)	6 866 812
Office equipment	395 567	199 463	-	-	(184 104)	410 926
IT equipment	2 153 792	2 932 873	(313 127)	300 843	(871 289)	4 203 092
Infrastructure	85 190 083	-	-	-	(6 849 299)	78 340 784
Loose tools	476 637	600 050	-	-	(253 469)	823 218
Capital work in progress	39 162 990	74 598 687	(17 909 313)	-	-	95 852 364
	145 764 610	**83 208 535**	**(18 795 861)**	**825 756**	**(10 456 608)**	**200 546 432**

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.

No property, plant and equipment were pledged as security for liabilities.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

11. Payables from exchange transactions

Trade payables	21 747 425	16 062 457
Income received in advance	1 137 977	958 137
Creditor: Ward committee	13 201	13 201
Accruals	5 698 372	5 142 735
Unknown deposits	65 571	64 221
	28 662 546	**22 240 751**

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	2 716 648	4 859 699
DOE Grant (INEG)	-	2 931 711
Expanded Public Works Programme (Dep't of Public Works) Incentive Grant	-	785
	2 716 648	**7 792 195**

Movement during the year

Balance at the beginning of the year	7 792 195	25 823 301
Grants paid back to Treasury	(7 792 195)	-
Income recognition during the year	-	(18 031 106)
Unspent conditional grants: Current year	2 716 648	-
	2 716 648	**7 792 195**

The extent of government grants recognised in the statement of financial performance relates to the the portion of the grants where the conditions have been fulfilled.

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a liability in the statement of financial position.

See note 15 for reconciliation of conditional grants

13. Defined benefit obligation

Post Employment Medical Aid Benefits liability

Carrying value		
	1 513 000	1 806 000

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	1 806 000	1 820 000
Current service costs	221 000	469 000
Interest cost	170 000	162 000
Actuarial (gain)/loss	(684 000)	(645 000)
	1 513 000	**1 806 000**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

13. Defined benefit obligation (continued)

Net expense recognised in the statement of financial performance

	2015	2014
Current service cost	221 000	469 000
Interest cost	170 000	162 000
Actuarial (gains) losses	(684 000)	(645 000)
	(293 000)	**(14 000)**

Key assumptions used

Assumptions used at the reporting date:

	2015	2014
Expected retirement age	63	63
Discount rates used	Yield Curve	8,94 %
Consumer price inflation	Difference between nominal and yield curves	7,05 %
Medical aid contribution inflation	CPI+ 1%	8,05 %
Net effective interest rates	Yield Curve Based	0,82 %

The nominal and real zero curves were used as at 30 June 2015 supplied by the JSE to determine the discounted rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we used the prevailing yield at the time of performing our calculations. The methodology has changed from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.Previously only:

**The net effective discount rate is different for each relevant time period of the yield curves's various durations and therefore the net effective discount rate is based on the relationship between the yieald curve based discount rate for each relevant time period and the yield curve based salary inflation for each relevant time period.

The Medical aid inflation rate was set with reference to the past relationship between the yield curve based and discount rate for each relevant time period and the yield curve based medical aid contribution inflation for each relevant time period.

Other assumptions

A one percentage point change in the medical aid inflation assumption would have the following effect:

	-1% medical aid inflation	**+1% medical aid inflation**
Effect on the current service cost	(223 000)	235 000
Effect on the interest cost	(142 000)	153 000
Effect in defined benefit obligation	(1 444 000)	1 558 888

Amounts for the current and previous four years are as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	1 513 000	1 806 000	1 820 000	1 061 000	531 000

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

13. Defined benefit obligation (continued)

Long service awards

Analysis of long service awards obligation

Present value of unfunded obligation	1 300 000	1 023 000

Movements in the long service awards liability		
Opening balance	1 023 000	1 432 000
Current service cost	215 000	365 000
Interest cost	90 000	119 000
Benefits paid	(42 787)	-
Actuarial loss/(gain)	14 787	(893 000)
	1 300 000	**1 023 000**

Expense and income recognition in surplus for the year.		
Current service cost	215 000	365 000
Interest cost	90 000	119 000
Benefits paid	(42 787)	-
Actuarial loss/(gain)	14 787	(893 000)
	277 000	**(409 000)**

Key assumptions used - Long service awards

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service. We have converted the awarded leave days to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth. The table below contains a summary of the benefit policy:

Expected retirement age	63	63
Discount rate used	Yield Curve	7,96 %
Consumer price inflation (CPI)	Difference between nominal and real yield curve	6,33 %
Normal salary increase rate	Equal to CPI + 1%	7,33 %
Net effective discount rate	Yield Curve Based	0,59 %

The nominal and real zero curves were used as at 30 June 2015 supplied by the JSE to determine the discounted rates and CPI assumptions at each relevant time period. The methodology has changed from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discout rate was used to value all the liabilities.

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) conventional bond rate for each relevant time period and the (yield curve based) inflation-linked bond rate for each relevant time period. The assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2015 of 6.79%. As at the time of this valuation South African Municipal salaries' negotiations were still in progress. Therefore, for the purpose of performing this valuation, we have assumed that the previous year's increase rate of 6.79% is still relevant in this year's valuation. The next salary increase was assumed to take place on 01 July 2016.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

13. Defined benefit obligation (continued)

** The net effective discount rate is different for each relevant time period of the yield curves' various durations and therefore the net effective discount rate is based on the relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) salary inflation for each relevant time period..

Other assumptions

A one percentage point change in the medical aid inflation assumption would have the following effect:

	-1% Normal salary inflation	+1% Normal salary inflation
Effect on the current service cost	(212 000)	265 000
Effect on the interest cost	(116 000)	143 000
Effect on defined benefit obligation	(1 176 000)	1 440 000
	(1 504 000)	**1 848 000**

Amounts for the current and previous years are as follows	2015	2014	2013	2012
Long service awards	1 300 000	1 023 000	1 432 000	916 000

14. Revenue

	2015	2014
Rental of facilities and equipment	105 503	75 369
Licenses and permits	4 400 484	4 038 872
Gain on disposal of assets	1 717	341 641
Actuarial gain	684 000	1 538 000
Other income	749 059	577 000
Interest received	25 206 011	20 282 597
Property rates	29 841 456	43 986 731
Traffic fines	635 095	156 030
Donation received	236 303	-
Government grants & subsidies	237 136 547	203 683 107
	298 996 175	**274 679 347**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	105 503	75 369
Licences and permits	4 400 484	4 038 872
Gain on disposal of assets	1 717	341 641
Actuarial gain	684 000	1 538 000
Other income	749 059	577 000
Interest received	25 206 011	20 282 597
	31 146 774	**26 853 479**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	29 841 456	43 986 731
Traffic fines	635 095	156 030
Donation received	236 303	-
Transfer revenue (Grants)		
Government grants & subsidies	237 136 547	203 683 106
	267 849 401	**247 825 867**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

15. Government grants and subsidies

Equitable share	178 834 410	157 820 065
Municipal Infrastructure Grant (MIG)	54 735 352	41 539 106
Finance Management Grant (FMG)	1 600 000	1 550 000
Municipal Systems Grants (MSIG)	934 000	890 000
Department of Energy (INEG)	-	276 721
EPWP Grants	1 032 785	1 607 215
	237 136 547	**203 683 107**

Equitable Share

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

Municipal Infrastructure Grant

Balance unspent at beginning of year	4 859 699	21 083 805
Current-year receipts	57 452 000	25 315 000
Conditions met - transferred to revenue (current year)	(54 735 352)	(25 315 000)
Conditions met - transferred to revenue (Previous year)	-	(16 224 106)
Disapproved roll over (paid back to Treasury)	(4 859 699)	-
	2 716 648	**4 859 699**

Conditions still to be met - remain liabilities (see note 12).

Financial Management Grant

Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 600 000)	(1 550 000)
	-	-

Municipal Systems Improvement Program Grant

Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(934 000)	(890 000)
	-	-

Conditions still to be met - remain liabilities (see note 12).

Integrated National Electrification Programme Grant

Balance unspent at beginning of year	2 931 711	3 208 431
Conditions met - transferred to revenue	-	(276 720)
Other (Disapproved roll over paid back to Treasury)	(2 931 711)	-
	-	**2 931 711**

Conditions still to be met - remain liabilities (see note 12).

Expanded Public Works Programme Incentive Grant

Balance unspent at beginning of year	785	1 531 065
Current-year receipts	1 032 000	1 000 000

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

15. Government grants and subsidies (continued)

Conditions met - transferred to revenue	(1 032 785)	(1 607 215)
Grant paid back to Treasury	-	(923 065)
	-	**785**

Conditions still to be met - remain liabilities (see note 12).

Changes in level of government grants

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

16. Interest received

Interest revenue		
Bank and investments	8 119 268	7 827 305
Interest charged on trade and other receivables	17 086 743	12 455 292
	25 206 011	**20 282 597**

17. Other income

SETA grant, SARS penalties for late payments and data base forms	136 510	153 839
Tender Documents	612 549	423 161
	749 059	**577 000**

18. Property rates

Rates received

Commercial and State	29 841 456	43 986 731

Valuations

Residential	232 390 000	232 390 000
Commercial	491 896 000	465 496 000
State	1 197 434 000	1 197 434 000
Municipal	19 100 000	19 100 000
Social	26 280 000	26 280 000
	1 967 100 000	**1 940 700 000**

Valuations on land and buildings are performed every 4 years. The first general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions..

The new general valuation was implemented on 01 July 2011.

19. Actuarial gain

Actuarial gain: Long service awards	-	893 000
Actuarial gain: Post employment medical aid benefit	684 000	645 000
	684 000	**1 538 000**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

20. Traffic fines

Traffic fines	635 095	156 030

The amount for traffic fines has significantly increased in the current year ended 30 June 2015 as the function, was active from the beginning of the financial year. The function started to work in March 2014.

21. Donations received.

Donations received	236 303	-

The National Library of South Africa, an agency of the Department of Arts and Culture has selected Ga-Phaahla Library to participate in the Global Libraries Pilot Project. The agency has donated IT assets for the project to Ga-Phaahla Library during the year ended 30 June 2015.

Figures in Rand	2015	2014

22. Employee related costs

Basic	25 613 900	23 044 167
Bonus	1 840 680	1 710 477
Medical aid - company contributions	2 578 491	2 150 315
UIF	215 072	198 196
SDL	374 607	334 993
Leave pay provision charge	1 022 169	1 847 257
Pension contribution	4 839 677	4 689 973
Overtime payments	256 126	179 158
Post employment benefits costs	450 787	834 000
Car allowance	6 504 470	5 903 200
Housing benefits and allowances	2 089 836	1 844 821
Clothing allowance	10 406	19 308
Cellphone allowance	1 063 106	982 882
	46 859 327	**43 738 747**

Remuneration of municipal manager (Mr Moropa M.E)

Basic salary	847 474	792 965
Cellphone allowance	13 379	12 797
Contribution to medical aid	106 714	99 850
Over payment	(1 000)	(11 000)
Contributions to pension fund	120 774	113 006
Contributions to UIF	1 784	1 785
SDL	11 173	10 365
Back pay: Increment	29 965	28 894
SALGBE	81	76
	1 130 344	**1 048 738**

Chief Financial Officer (Vacant)

Basic salary	198 633	503 697
Cellphone allowance	6 662	25 923
Car allowance	39 479	153 610
Travel claims	11 656	30 221
Contribution to UIF	1 446	1 785
SDL	4 326	9 077
Housing allowance	58 956	229 346
Backpay:Increment	50 168	25 872
SALGBE	54	76
Leave pay out	86 590	-
	457 970	**979 607**

The contract of the CFO ended on 29 September 2014 and she was paid remuneration from July 2014 to September 2014.

The acting CFO was seconded from Department of CoGHSTA and started on 01 November 2014 and she was paid acting allowance from November 2014 to June 2015.

Senior manager: Corporate services (Matlala M.K)

Basic salary	522 124	488 539
Cellphone allowance	33 275	203 556

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

22. Employee related costs (continued)

CAr allowance	217 548	31 136
Contribution to UIF	1 785	1 785
SDL	8 403	7 868
Housing allowance	87 229	81 500
Backpay:Increment	23 682	22 817
SALGBE	81	76
	894 127	**837 277**

Senior manager: Community services (Vacant)

Basic salary	33 126	409 612
Cellphone allowance	1 540	268 670
Car allowance	22 987	19 305
Contribution to medical aid	1 526	17 480
Contribution to UIF	297	1 785
SDL	1 280	7 739
Housing allowance	3 063	35 702
Travel claim	-	11 385
SALGBE	7	76
Leave payout	63 641	-
Contribution to pension fund	6 714	76 908
	134 181	**848 662**

The senior manager for community service was paid for July 2014.

Ms Marishane M.E acted as senior manager for community services from August 2014 to October 2014 and was extended from December 2014 to February 2015 and was paid acting allowance for the six months indicated.

Ms Make M.M acted as senior manager for community services from March 2015 to May 2015 and was paid acting allowance for the three months of acting as a senior manager.

Senior manager: Infrastructure development (Komape M)

Basic salary	466 922	42 429
Cellphone allowance	-	1 927
Car allowance	153 803	17 311
Contributions to Medical aid	73 072	1 548
Housing allowance	75 311	3 248
Contributions to pension	-	6 810
Contribution to UIF	1 636	233
SDL	7 795	698
Travel claim	-	6 978
SALGBE	75	12
Back pay	41 195	-
	819 809	**81 194**

The senior manager for infrastructure development was appointed on 01 August 2014 and Mr Senong P.A acted as a senior manager for infrastructure during July 2014 and was paid acting allowance for that period.

Senior manager: Economic Development and Planning (Vacant)

Acting allowance (Ms Bapela M.B)	58 098	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

22. Employee related costs (continued)

Ms Bapela M.B acted as a senior manager for Economic Development and Planningfrom July 2014 to November 2014 and was paid acting allowance for that period.

Mr Phasha D.A acted as a senior manager for Economic Development and Planning from January 2015 to June 2015 and was paid acting allowance for that period

Acting Senior manager Economic Development and Planning (Phasha D.A)

Acting Allowance	32 480	-

Acting Senior Manager Infrastructure (Senong P,A)

Acting allowance	24 944	-

Acting CFO (Lamola R.M)

Acting allowance	105 006	-
Travel claims	4 801	-
	109 807	**-**

Acting Senior Manager Community Services (Marishane M.E)

Acting Allowance	44 332	-

Acting Senior Manager Community services (Make M.M)

Acting Allowance	16 240	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

23. Remuneration and allowances of councillors

Mayor	746 703	705 749
Council speaker	602 305	569 542
Mayoral Committee Members	4 045 159	3 809 506
Other councillors basic salary	6 914 886	6 553 831
Councilors pension contribution	1 220 198	1 156 642
Car allowance and cellphone allowance	2 622 677	3 584 610
Travel claims	115 865	73 934
Cellphone allowance	1 020 790	-
Skills development levy	64 355	60 761
Data cards (61 councillors)	176 100	173 700
	17 529 038	**16 688 275**

Remuneration and allowances of selected members of the council

Remuneration and allowances of the Mayor (Clr Matlala M.A)

Basic salary	458 041	432 114
Car allowance	179 624	169 456
Cell phone allowance	20 868	20 868
Contributions to pension fund	80 830	76 255
Skills development levy and data card	7 340	7 056
	746 703	**705 749**

Remuneration and allowances of the Council Speaker (Clr Makaleng M)

Basic salary	366 432	345 691
Car allowance	143 699	135 562
Cell phone allowance	20 868	20 868
Contributions to pension fund	64 665	61 004
Skills development levy and data card	6 641	6 417
	602 305	**569 542**

Remuneration and allowances of the members of executive committee

Basic salary	2 353 177	2 219 986
Car allowance	1 011 688	870 582
Cell phone allowance	208 683	208 680
Contributions to pension fund	415 267	391 762
Skills development levy	20 344	18 928
Travel claims and data card	36 000	99 568
	4 045 159	**3 809 506**

The remunerationand allowances of the political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

The municipality consists of 61 councilors.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

24. Administrative expenditure

Administration expense	1 268 434	731 481
Council logistics	571 215	218 036
Special programmes (Mayor)	1 148 675	1 176 057
LED strategy	-	117 198
LUMS	104 610	66 107
Outreach programmes	947 640	635 790
Risk management programmes	141 844	15 731
Ward committee incentives	3 003 001	3 094 000
	7 185 419	**6 054 400**

There was no unauthorised expenditure in the current year. The municipality has introduced stringent measures to ensure that no spending will be allowed on votes that does not have or have fully utilized their budget

25. Depreciation and amortisation

Property, plant and equipment	13 370 340	10 221 867
Intangible assets	344 462	499 233
	13 714 802	**10 721 100**

26. Impairment of assets

Impairments

Property, plant and equipment	18 442	-

The municiplity has done assets verification for the year ended 30 June 2015 and found it necessary to impair certain items of Property Plant and Equipment. The Assets impaired are broken chairs, desks and filing cabinets.

27. Interest paid

Finance leases	-	2 366
Interest cost: Employee benefit obligations	260 000	281 000
	260 000	**283 366**

28. Debt impairment

Current year doubtful debts allowance	176 214 973	148 226 003
Less: Previous doubtful debts	(148 226 003)	(112 070 669)
	27 988 970	**36 155 334**

29. Repairs and maintenance

Repairs and maintenance:Other assets	3 666 364	882 941
Repairs and maintenance: Infrastructure assets	21 843 465	14 563 835
	25 509 829	**15 446 776**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

30. Contracted services

Solid waste collection	423 168	1 286 211
Development of valuation roll	65 086	96 651
Cleaning services and security services	12 273 142	11 654 301
	12 761 396	**13 037 163**

31. Grants and subsidies paid

Other subsidies		
Indigents grants (Free Basic Electricity)	4 883 432	4 714 587

32. Loss on disposal of assets

Property Plant and Equipment	97 642 738	17 909 314

In terms of the General Notice 217 of 2014, ownership and jurisdiction of roads by municipality in Limpopo Province is listed in schedule B of the notice. The municipality has constructed roads under the ownership of Roads Agency Limpopo SOC Limited (RAL) in terms of the Notice during the year ended 30 June 2015 and 30 June 2014. The roads can not be capitalised and have been written off and a loss on disposal of assets was incurred to the amount of R98 486 874 (2015) and R 17 909 314 (2014).

The municipality procured a smooth roller compactor on the 24th November 2011. The smooth roller compactor was reported to council for noting that it is missing. The case was opened and council appointed a forensic investigator who concluded the investigation during the year ended 30 June 2015. The investigation concluded that the asset is irrecoverable and it is written off from the asset register of the municipality and a loss on disposal of asset was incurred to the amount of R 309 704.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

33. General expenses

Advertising	693 835	591 464
Bank charges	162 536	145 536
Consulting and professional fees	440 281	2 922 791
Entertainment	14 986	24 555
Insurance	483 169	378 249
IT operational expenses	2 720 169	995 992
Marketing	192 000	638 825
Promotions and sponsorships	4 772 519	2 105 846
Motor vehicle expenses	424 671	15 434
Lease rentals on operating lease	386 291	96 573
Fuel and oil	1 802 047	1 311 036
Printing and stationery	780 794	1 229 204
Protective clothing	15 490	19 846
Environmental care expenses	325 000	-
Testing station expenses	71 669	58 569
Telephone and fax	959 526	707 706
Designs of land scarping	26 400	72 000
Training	3 969 625	3 371 435
Travel and accomodation	2 541 303	2 354 545
LED forum and summit	141 492	22 980
Spatial planning - demarcation of sites	503 508	404 605
Assets below R 2 500.00	39 430	598 825
Electricity	1 208 340	1 234 262
IDP processes	-	580 129
Feasibility studies - roads	-	614 330
Sitting allowance ex-officio	198 400	212 800
Publications	604 825	734 790
Audit committee support	555 061	284 513
Bursary fund	1 516 840	1 095 163
Legal costs and Development of by-laws	21 600	107 054
Customer care	164 340	629 970
Financial System support	20 359	405 534
Vehicle tracking	57 088	45 786
Stipent	28 800	88 600
Fencing of cemeteries	2 324 135	1 105 329
Disaster relief fund	501 800	1 004 895
Electricity: Expensed	3 283 663	486 691
EPWP	2 213 817	1 606 399
	34 165 810	**28 302 262**

34. Auditors' remuneration

Fees	2 213 040	2 366 967

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

35. Cash generated from operations

Surplus	9 562 426	79 261 055
Adjustments for:		
Depreciation and amortisation	13 714 802	10 721 100
Loss on disposal of assets (Owned by RAL)	97 642 738	17 909 314
Finance costs - Finance leases	-	2 366
Impairment deficit	18 442	-
Debt impairment	27 988 970	36 155 334
Unfunded defined benefit plan	26 787	(423 000)
Gain on disposal of assets	(1 717)	(341 642)
Donation received	(236 303)	-
Long service awards paid	(42 787)	-
Adjustments	(23 719)	-
Changes in working capital:		
Inventories	355 905	(384 849)
Receivables from exchange transactions	(61 182)	(418 621)
Receivables from non exchange transactions.	(38 156 572)	(38 033 251)
Payables from exchange transactions	6 421 795	5 257 193
VAT	(920 384)	(5 346 845)
Unspent conditional grants and receipts	(5 075 547)	(18 031 106)
	111 213 654	**86 327 048**

36. Commitments

Authorised operating and capital expenditure

Operational expenditure		
• Approved and contracted	12 127 548	5 293 954
Capital expenditure		
• Property, plant and equipment	78 110 251	79 995 440

The municipality still has future commitments to service providers for services still to be rendered. The minimum payments still due to the service providers as at 30 June 2015 amount to R 78 110 251 for capital commitments and R 12 127 548 for Operational commitments.

37. Contingencies

Litigation is in process against Department of Labour which has lodged a claim to the amount of R 1 500 000 against the municipality for non compliance with Employment Equity Act. The matter is proceeding in the high court.

Litigation is in process against Leolo waste management cc which has lodged a claim to the amount of R 2 216 405.10 and iterests at a rate of 9% tempora morae for unpaid invoices for waste management services they claim to have rendered on 1 July 2012 to 31 December 2012 . The matter is proceeding in the high court.

A deciplinary hearing is in process against an employee who allegedley assaulted a councillor at the municipal workplace. The employee is currently on suspension with full pay . The matter is still in process as at year end.

38. Related parties

Remuneration and allowance of senior management, and councillors are disclosed in note 22 and note 23 respectively. Below is the remuneration and allowances of councillors per person.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational dicisions.

During the financial year no Councillor or Official had any interest in related parties and no one could control or influence Council in making financial or operational decisions.

The municipality had no other related party transactions or balances during the financial year outside of the contractual remuneration of senior management.

There are no share based payments.

Related party transactions

Remuneration per councilor (2015)	Salary	Cellphone allowance	Car allowance	Pension,medi cal aid, SDL & data card	Total
Cllr Matlala M.A (Mayor)	458 041	20 868	179 623	88 170	746 702
Clr Malaka M.S (Chief whip)	343 531	20 868	134 717	67 088	566 204
Cllr Makaleng M.M (Speaker)	366 431	20 868	143 698	71 305	602 302
Cllr Masemola H.R	137 412	20 868	54 969	29 133	242 382
Cllr Mampane M.A	137 412	20 868	53 887	29 133	241 300
Cllr Lerobane M.P	188 941	20 868	78 069	38 618	326 496
Cllr Matjomane N.M	188 942	20 868	100 524	38 618	348 952
Cllr Mndebele M.E	137 411	20 868	53 886	29 134	241 299
Cllr Maisela R.K	188 942	20 868	74 095	38 618	322 523
Cllr Tala M.A	188 942	20 868	74 095	38 618	322 523
Cllr Madiba M.F	188 942	20 868	74 094	38 618	322 522
Cllr Maapea R.S	137 412	20 868	53 887	29 134	241 301
Cllr Sefoka N.M	137 412	20 868	53 887	29 134	241 301
Cllr Maphanga T.D	137 412	20 868	53 887	29 134	241 301
Cllr Mosehla M.L	137 412	20 868	53 887	29 134	241 301
Cllr Leshalabe M.M	137 412	20 868	57 700	29 134	245 114
Cllr Mohlala M.J	137 412	20 868	53 887	29 134	241 301
Cllr Mabitla L.P	137 412	20 868	53 886	29 134	241 300
Cllr Thokwane K.Z	137 412	20 868	64 180	29 134	251 594
Cllr Mohloba S.J	137 412	20 868	53 887	29 134	241 301
Cllr Mapitsing T.J	137 412	20 868	55 356	29 134	242 770
Cllr Mashilo M.M	137 412	20 868	53 887	29 134	241 301
Cllr Seopela M.J	137 412	20 868	53 887	29 134	241 301
Cllr Nkadimeng S.P	188 941	20 868	90 828	38 618	339 255
Cllr Selala M.J	137 412	20 868	56 091	29 134	243 505
Cllr Matabane M.C	137 412	20 868	53 887	29 134	241 301
Cllr Manchidi M.J	137 412	20 868	55 284	29 133	242 697
Cllr Lethuba M.P	176 345	20 868	71 322	36 299	304 834
Cllr Mahlase M.M	176 345	20 868	70 086	36 299	303 598
Cllr Monakedi M.J	137 412	20 868	53 887	29 134	241 301
Cllr Maserumule M.O	188 942	20 868	115 834	38 618	364 262
Cllr Mohlala M.G	137 412	20 868	56 105	29 133	243 518
Cllr Madingwana R	137 412	20 868	53 887	29 134	241 301
Cllr Thokoane M.J	137 412	20 868	53 887	29 134	241 301
Cllr Manganeng M.L	137 412	20 868	53 887	29 134	241 301

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

38. Related parties (continued)

Cllr Motseni N.L	176 345	20 868	69 155	36 299	302 667
Cllr Boshielo T.J	137 412	20 868	53 887	29 134	241 301
Cllr Malaka M.J	137 412	20 868	53 887	29 134	241 301
Cllr Chego K.D	343 531	20 868	134 717	67 088	566 204
Cllr Rankoe T.P	176 345	20 868	69 154	36 299	302 666
Cllr Mankge N.H	137 412	20 868	53 887	29 134	241 301
Cllr Tshehla N.B	137 412	20 868	53 887	29 134	241 301
Cllr Manaleng M.J	137 412	20 868	53 887	29 134	241 301
Cllr Ntobeng M.M	176 345	20 868	69 155	36 299	302 667
Cllr Nkadimeng S.M	137 412	20 868	53 887	29 134	241 301
Cllr Makgoga N.H	137 412	20 868	53 887	29 134	241 301
Cllr Maleka B.P	137 412	20 868	54 309	29 133	241 722
Cllr Maitula B.M	343 531	20 868	134 717	67 088	566 204
Cllr Mashianoke M.F	137 411	20 868	54 864	29 133	242 276
Cllr Maabane D.K	137 411	20 868	53 887	29 134	241 300
Cllr Machaba M.G	137 411	20 868	53 887	29 134	241 300
Cllr Masemola J	137 411	20 868	53 887	29 134	241 300
Cllr Mathume M.R	137 411	20 868	53 887	29 134	241 300
Cllr Mamogobo T.P	137 411	20 868	53 886	29 133	241 298
Cllr Marutla P.J	137 411	20 868	53 887	29 133	241 299
Cllr Diketane S.P	137 412	20 868	53 887	29 133	241 300
Cllr Diale K.E	137 412	20 868	53 887	29 133	241 300
Cllr Manchidi M	137 412	20 868	53 887	29 133	241 300
Cllr Phogole M.I	137 412	20 868	53 887	29 133	241 300
Cllr Nkadimeng M.E	137 412	20 868	53 887	29 146	241 313
Cllr Kgaphola M.G	91 607	13 912	35 923	19 419	160 861
Cllr MJ Mphelane	32 495	5 217	13 086	6 991	57 789
	10 092 192	**1 271 209**	**4 073 905**	**2 091 732**	**17 529 038**

Remuneration per councilor (2014)	Basic salary	Cellphone allowance	Car allowance	Total
Cllr Matlala M.A (Mayor)	432 114	24 468	169 457	705 749
Clr Malaka M.S (Chief whip)	324 086	24 468	127 092	535 490
Cllr Makaleng M.M (Council speaker)	345 691	24 468	135 565	569 542
Cllr Masemola H.R	324 086	24 468	130 333	538 731
Cllr Mampane M.A	324 086	24 468	127 093	535 390
Cllr Mphelane M.J	129 634	24 468	50 837	229 022
Cllr Lerobane M.P	178 247	24 468	77 449	313 187
Cllr Matjomane N.M	178 247	24 468	89 534	325 272
Cllr Mndebele M.E	178 247	24 468	69 900	305 638
Cllr Maisela R.K	178 247	24 468	69 900	305 638
Cllr Tala M.A	178 247	24 468	69 900	305 638
Cllr Madiba M.F	178 247	24 468	69 900	305 638
Cllr Maapea R.S	129 634	24 468	50 837	229 022
Cllr Sefoka N.M	129 634	24 468	50 837	229 022
Cllr Maphanga T.D	129 634	24 468	50 837	229 022
Cllr Mosehla M.L	129 634	24 468	50 837	229 022
Cllr Leshalabe M.M	129 634	24 468	51 597	205 699
Cllr Mohlal M.J	129 634	24 468	50 837	229 022
Cllr Mabitla L.P	129 634	24 468	50 837	229 022
Cllr Thokwane K.Z	129 634	24 468	55 493	209 595
Cllr Mohloba S.J	129 634	24 468	50 837	229 022
Cllr Mashilo M.M	129 634	24 468	50 837	229 022
Cllr Seopela M.J	129 634	24 468	52 310	230 495

Notes to the Annual Financial Statements

Figures in Rand			2015	2014

38. Related parties (continued)

Cllr Nkadimeng S.P	129 634	24 468	50 837	229 022
Cllr Selala M.J	129 634	24 468	61 673	215 775
Cllr Mabatane M.C	129 634	24 468	50 837	229 022
Cllr Manchidi M.J	129 634	24 468	54 621	208 723
Cllr Lethuba M.P	166 364	24 468	82 492	305 638
Cllr Mahlase M.M	166 364	24 468	73 597	264 429
Cllr Monakedi M.J	129 634	24 468	50 837	229 022
Cllr Maserumule M.O	178 247	24 468	103 044	305 759
Cllr Mohlala M.G	129 634	24 468	50 837	229 022
Cllr Madingwana R	129 634	24 468	50 837	229 022
Cllr Thokoane M.J	129 634	24 468	50 837	229 022
Cllr Boshielo M.L	129 634	24 468	50 837	229 022
Cllr Motseni N.L	129 634	24 468	65 241	254 799
Cllr Boshielo T.J	129 634	24 468	50 837	229 022
Cllr Malaka M.J	129 634	24 468	52 229	229 022
Cllr Chego K.D	166 364	24 468	65 241	256 073
Cllr Rankoe T.P	166 364	24 468	66 038	305 638
Cllr Mankge N.H	129 634	24 468	50 837	229 022
Cllr Tshehla N.B	129 634	24 468	50 837	229 022
Cllr Manaleng M.J	129 634	24 468	50 837	229 022
Cllr Ntobeng M.M	166 364	24 468	79 166	269 998
Cllr Nkadimeng S.M	129 634	24 468	50 837	229 022
Cllr Makgoga N.H	129 634	24 468	50 837	229 022
Cllr Maleka B.P	129 634	24 468	57 439	211 541
Cllr Maitula B.M	129 634	24 468	50 837	229 022
Cllr Mashianoke M.F	129 634	24 468	52 111	206 213
Cllr Maabane D.K	129 634	24 468	50 837	229 022
Cllr Machaba M.G	129 634	24 468	50 837	229 022
Cllr Masemola J	129 634	24 468	50 837	229 022
Cllr Tladi M.R	129 634	24 468	50 837	229 022
Cllr Mamogobo T.P	129 634	24 468	50 837	229 022
Cllr Marutla P.J	129 634	24 468	50 837	229 022
Cllr Diketane S.P	129 634	24 468	52 227	206 329
Cllr Diale K.E	129 634	24 468	50 837	229 022
Cllr Manchidi M	129 634	24 468	50 837	229 022
Cllr Phogole M.I	129 634	24 468	50 837	229 022
Cllr Nkadimeng M.E	129 634	24 468	50 837	229 022
Travel claims	-	-	-	498 910
	9 403 874	**1 468 080**	**3 838 263**	**16 688 275**

N.B The total package disclosed above include company contributions.

39. Prior period errors

The pre-paid expenditure to the amount of R 434 404 for insurance of the municipal assets for the year ended 30 June 2015 was erroneously recognised in June 2014. The annual financial statements has been corrected accordingly and the correction of the error was applied retrospectively.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

39. Prior period errors (continued)

The municipality has errorneously included the Accounting Officer, Senior Managers and other employees who are employed on a termed contracts in the valuation for Long service awards liability and post employment medical aid benefit liability for the prior year ended 30 June 2014. The Accounting officer, Senior Managers and other employees who are not eligible for Long service awards and post employment medical aid benefit have been removed from the information used for valuations and the municipality's appointed actuaries performed a new accurate valuation for the Long service awards liability and Post employment medical aid benefit liability as at 30 June 2014. As a result of the new valuation for the year ended 30 June 2014, the actuarial gain for Long service awards previously calculated as R 786 000 was increased to R 893 000 and the error was corrected retrocpectively. The Actuarial gain for post employment medical aid benefit previously calculated as R 522 000 was increased to R 645 000 and the error was corrected retrospectively. The correction of the error resulted in a net effect of R 230 000 to the opening balance of the municipality's accumulated surplus at the begining of the year (1 July 2014).

The Municipality errorneously ommitted to raise an accrual to the amount of R305 951.11 for Free Basic Electricity expenditure in the prior year 2014 and the error was corrected and accounted for retrospectively.

The Municipality errorneously included the assets belonging to RAL in the Asset register for the prior year 2014 and the error was corrected and accounted for retrospectively

The cost of the assets was R 3 521 106.65 and the Accumulated depreciation was R 868 349.55 and the net effect in the prior year amounted to R 2 887 497.19 and in the current year amounted to R 234 740.46

Statement of financial position		
Increase in Receivables from exchange transactions	-	434 404
Decrease in PPE	-	2 887 497
Increase in Payables from Exchange transactions	-	305 951
Statement of Financial Performance		
Decrease in General expenses	-	(434 404)
Increase in General expenses in current year	434 404	-
Increase in actuarial gain	-	230 000
Decrease in Depreciation	234 740	-
Statement of changes in equity		
Cash flow from operating activities		
Increase in opening balance of Accumulated surplus/(deficit)	434 404	-
Increase in opening balance of Accumulated surplus/(deficit)	230 000	-
	664 404	**-**

40. Risk management

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.

40. Risk management (continued)

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.

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

Financial instrument	2015	2014
Receivables from non exchange transactions	13 589 871	3 422 269
Cash and cash equivalents	112 117 414	129 701 971
Maximum credit risk exposure	125 707 285	133 124 240

41. Going concern

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

The ability of the municipality to continue as a going concern is dependent on funding from Natonal Treasury

42. Unauthorised expenditure

Current year	9 053 819	4 294 142

Details of unauthorised expenditure for current year.

The municipality has overspent the budget for Debt impairment in Budget and Treasury vote for the year ended 30 June 2015. The municipality has budgeted R 18 935 151 for debt inpairment for doubtful debts (Non cash expenditure) in the operational budget for 2014/15. The doubtful debts at year end were more than projected during the preparation of the budget, due to increase in non payment of accounts for property rates by Government departments and other local businesses.

43. Fruitless and wasteful expenditure

Additions during the year	398 078	2 340
Less amounts condoned	(3 078)	-
	395 000	**2 340**

44. Irregular expenditure

Opening balance	14 586 633	14 581 232
Add: Irregular Expenditure - current year	31 817 244	5 401
	46 403 877	**14 586 633**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

44. Irregular expenditure (continued)

Details of irregular expenditure – current year

	Action taken up to the reporting date.	
MFMA Circular number 65 issued in November 2012 in terms of section 168 of the MFMA, indicated that members of audit committees in employment of state must not be paid any remuneration for participating in the audit committee. Contrary to the circular the municipality has paid members who are in employment of the state sitting allowance and preparation allowance.	The matter has been reffered by council to MPAC for investigation.	152 183

Details of irregular expenditure condoned

	Action taken	
The municipality adjudicated projects without any official delegated to represent Office of the CFO as the CFO position was vacant at the time of the meetings. Furthermore, the municipality awarded projects to Jv companies who did not meet the CIDB grading requirements through tenkey projects where contractors made joint venture agreements with consulting firms which are not registerd on the CIDB for grading. This has resulted in non compliance with the SCM regulations.	The matter will be reported to council in the next council meeting from the date of AFS adjustment.	31 665 061

45. Subsequent Events (Adjusting)

The council of the municipality in its council sitting on August 2015 resolved that, Assets to the value of R belonging to RAL be written off as per the accounting treatment provided by Provincial Treasury on how to account for the Asset Write off resulting from the Gazzette issued in the prior year. The council's decision is an adjusting subsequent event in terms of GRAP 14 as the decision was taken before the Annual Financial Statements were authorised for issue and management accounted for the transaction in the Annual Financial Statements for 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

46. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	9 562 426	79 261 055
Adjusted for:		
Property rates	2 334	11 608 272
Investment revenue - Under collection	3 428 375	859 749
transfers recognised - Unspend conditional grant & disapproved rollover	5 651 453	30 919 128
Other own revenue - Over collection (Net effect of Over collections and under collection)	(237 440)	723 000
Donations received - Not Budgeted for	(236 303)	-
Employees costs - Under spending	(7 461 485)	(3 480 534)
Remuneration of councillors - Underspending	(933 588)	(182 205)
Contracted services - Under spending	(6 766 635)	-
Gain of disposl of assets - Not budgeted for	(1 717)	(341 641)
Debt impairment - Overspending	9 053 819	28 081 447
Actuarial gains - Not budgeted for	(684 000)	(1 538 000)
Loss on disposal of assets - Included in capital budget.	97 642 738	17 909 314
Other expenditure - Under spending	(9 858 594)	(66 730 371)
Net surplus per approved budget	**99 161 383**	**97 089 214**

47. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Amount paid - current year	2 213 040	-
Amount paid - previous years	-	2 366 967
	2 213 040	**2 366 967**

PAYE and UIF

Current year subscription / fee	9 114 412	8 174 453
Amount paid - current year	(9 114 412)	(8 174 453)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	7 418 168	6 840 288
Amount paid - current year	(7 418 168)	(6 840 288)
	-	-

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Council of the municipality. The expenses incurred as listed hereunder have been condoned.

Incident		
Deviation as per section 36 (1) (i) of the SCM regulation	1 070 897	538 629
Deviation as per section 36(1)(a) (v) of the SCM regulation	1 895 208	1 324 356
Deviation as per section 21 (1) (c) of MSA	52 000	-
Deviation as per section 36 (1) (a) (ii) of SCM regulation	259 542	149 380
	3 277 647	**2 012 365**

Makhuduthamaga Local Municipality
Makhuduthamaga Local Municipality
Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Donations received. Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	200 000	-	-	-	-	**-**	**200 000**	-	-	-	-	-	**-**	200 000
Buildings	17 111 805	196 080	-	-	-	**-**	**17 307 885**	(4 604 402)	-	-	(691 842)	-	**(5 296 244)**	12 011 641
	17 311 805	**196 080**	**-**	**-**	**-**	**-**	**17 507 885**	**(4 604 402)**	**-**	**-**	**(691 842)**	**-**	**(5 296 244)**	**12 211 641**
Infrastructure														
Roads, Pavements & Bridges	104 120 447	-	-	42 459 610	-	**-**	**146 580 057**	(26 060 043)	-	-	(7 497 930)	-	**(33 557 973)**	113 022 084
WIP (Infrastructure)	95 852 364	116 295 411	(98 486 874)	(42 459 610)	-	**-**	**71 201 291**	-	-	-	-	-	**-**	71 201 291
Street lighting	4 651 416	-	-	-	-	**-**	**4 651 416**	(1 483 538)	-	-	(310 094)	-	**(1 793 632)**	2 857 784
	204 624 227	**116 295 411**	**(98 486 874)**	**-**	**-**	**-**	**222 432 764**	**(27 543 581)**	**-**	**-**	**(7 808 024)**	**-**	**(35 351 605)**	**187 081 159**
Community Assets														

Makhuduthamaga Local Municipality

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June 2015

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Donations received. Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														
General vehicles	11 657 166	8 495 489	(742 719)	-	-	**-**	**19 409 936**	(4 790 354)	433 015	-	(2 093 099)	-	**(6 450 438)**	12 959 498
Computer Equipment	6 118 379	847 391	(10 600)	-	-	**236 303**	**7 191 473**	(1 915 288)	5 593	-	(1 144 773)	-	**(3 054 468)**	4 137 005
Furniture & Fittings	2 679 562	453 805	-	-	-	**-**	**3 133 367**	(1 337 729)	-	-	(365 924)	-	**(1 703 653)**	1 429 714
Office Equipment	1 230 117	82 510	-	-	-	**-**	**1 312 627**	(819 191)	-	-	(176 631)	-	**(995 822)**	316 805
Loose tools	1 399 324	939 197	-	-	-	**-**	**2 338 521**	(576 106)	-	-	(373 364)	-	**(949 470)**	1 389 051
	23 084 548	**10 818 392**	**(753 319)**	**-**	**-**	**236 303**	**33 385 924**	**(9 438 668)**	**438 608**	**-**	**(4 153 791)**	**-**	**(13 153 851)**	**20 232 073**

Makhuduthamaga Local Municipality

Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Donations received. Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	17 311 805	196 080	-	-	-	**-**	**17 507 885**	(4 604 402)	-	-	(691 842)	-	**(5 296 244)**	12 211 641
Infrastructure	204 624 227	116 295 411	(98 486 874)	-	-	**-**	**222 432 764**	(27 543 581)	-	-	(7 808 024)	-	**(35 351 605)**	187 081 159
Other assets	23 084 548	10 818 392	(753 319)	-	-	**236 303**	**33 385 924**	(9 438 668)	438 608	-	(4 153 791)	-	**(13 153 851)**	20 232 073
	245 020 580	**127 309 883**	**(99 240 193)**	**-**	**-**	**236 303**	**273 326 573**	**(41 586 651)**	**438 608**	**-**	**(12 653 657)**	**-**	**(53 801 700)**	**219 524 873**
Agricultural/Biological assets														
Intangible assets														
Computers - software & programming	2 466 489	189 825	-	-	-	**-**	**2 656 314**	(1 457 884)	-	-	-	(344 461)	**(1 802 345)**	853 969
	2 466 489	**189 825**	**-**	**-**	**-**	**-**	**2 656 314**	**(1 457 884)**	**-**	**-**	**-**	**(344 461)**	**(1 802 345)**	**853 969**
Investment properties														
Investment property	1 171 500	-	-	-	-	**-**	**1 171 500**	-	-	-	-	-	**-**	1 171 500
	1 171 500	**-**	**-**	**-**	**-**	**-**	**1 171 500**	**-**	**-**	**-**	**-**	**-**	**-**	**1 171 500**
Total														
Land and buildings	17 311 805	196 080	-	-	-	**-**	**17 507 885**	(4 604 402)	-	-	(691 842)	-	**(5 296 244)**	12 211 641
Infrastructure	204 624 227	116 295 411	(98 486 874)	-	-	**-**	**222 432 764**	(27 543 581)	-	-	(7 808 024)	-	**(35 351 605)**	187 081 159
Other assets	23 084 548	10 818 392	(753 319)	-	-	**236 303**	**33 385 924**	(9 438 668)	438 608	-	(4 153 791)	-	**(13 153 851)**	20 232 073
Intangible assets	2 466 489	189 825	-	-	-	**-**	**2 656 314**	(1 457 884)	-	-	-	(344 461)	**(1 802 345)**	853 969
Investment properties	1 171 500	-	-	-	-	**-**	**1 171 500**	-	-	-	-	-	**-**	1 171 500
	248 658 569	**127 499 708**	**(99 240 193)**	**-**	**-**	**236 303**	**277 154 387**	**(43 044 535)**	**438 608**	**-**	**(12 653 657)**	**(344 461)**	**(55 604 045)**	**221 550 342**

Makhuduthamaga Local Municipality

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Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	200 000	-	-	-	-	**-**	**200 000**	-	-	-	-	-	**-**	200 000
Buildings	17 111 805	-	-	-	-	**-**	**17 111 805**	(3 919 930)	-	-	(684 472)	-	**(4 604 402)**	12 507 403
	17 311 805	**-**	**-**	**-**	**-**	**-**	**17 311 805**	**(3 919 930)**	**-**	**-**	**(684 472)**	**-**	**(4 604 402)**	**12 707 403**
Infrastructure														
Roads, Pavements & Bridges	143 283 437	74 598 687	(17 909 313)	-	-	**-**	**199 972 811**	(19 520 838)	-	-	(6 539 205)	-	**(26 060 043)**	173 912 768
Street lighting	4 651 416	-	-	-	-	**-**	**4 651 416**	(1 173 444)	-	-	(310 094)	-	**(1 483 538)**	3 167 878
	147 934 853	**74 598 687**	**(17 909 313)**	**-**	**-**	**-**	**204 624 227**	**(20 694 282)**	**-**	**-**	**(6 849 299)**	**-**	**(27 543 581)**	**177 080 646**

Makhuduthamaga Local Municipality
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Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
General vehicles	8 012 141	4 208 153	(563 128)	-	-	**-**	**11 657 166**	(4 004 796)	514 619	-	(1 300 177)	-	**(4 790 354)**	6 866 812
Computer Equipment	3 498 634	2 932 873	(313 127)	-	-	**-**	**6 118 380**	(1 344 841)	300 842	-	(871 290)	-	**(1 915 289)**	4 203 091
Furniture & Fittings	2 020 546	669 309	(10 293)	-	-	**-**	**2 679 562**	(1 034 224)	10 293	-	(313 798)	-	**(1 337 729)**	1 341 833
Office Equipment	1 030 654	199 464	-	-	-	**-**	**1 230 118**	(635 087)	-	-	(184 104)	-	**(819 191)**	410 927
Other	799 274	600 050	-	-	-	**-**	**1 399 324**	(322 637)	-	-	(253 469)	-	**(576 106)**	823 218
	15 361 249	**8 609 849**	**(886 548)**	**-**	**-**	**-**	**23 084 550**	**(7 341 585)**	**825 754**	**-**	**(2 922 838)**	**-**	**(9 438 669)**	**13 645 881**

Makhuduthamaga Local Municipality
Makhuduthamaga Local Municipality
Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	17 311 805	-	-	-	-	-	**17 311 805**	(3 919 930)	-	-	(684 472)	-	**(4 604 402)**	12 707 403
Infrastructure	147 934 853	74 598 687	(17 909 313)	-	-	-	**204 624 227**	(20 694 282)	-	-	(6 849 299)	-	**(27 543 581)**	177 080 646
Other assets	15 361 249	8 609 849	(886 548)	-	-	-	**23 084 550**	(7 341 585)	825 754	-	(2 922 838)	-	**(9 438 669)**	13 645 881
	180 607 907	**83 208 536**	**(18 795 861)**	**-**	**-**	**-**	**245 020 582**	**(31 955 797)**	**825 754**	**-**	**(10 456 609)**	**-**	**(41 586 652)**	**203 433 930**
Intangible assets														
Computers - software & programming	1 345 301	1 121 188	-	-	-	-	**2 466 489**	(958 651)	-	-	(499 233)	-	**(1 457 884)**	1 008 605
	1 345 301	**1 121 188**	**-**	**-**	**-**	**-**	**2 466 489**	**(958 651)**	**-**	**-**	**(499 233)**	**-**	**(1 457 884)**	**1 008 605**
Investment properties														
Investment property	1 171 500	-	-	-	-	-	**1 171 500**	-	-	-	-	-	**-**	1 171 500
	1 171 500	**-**	**-**	**-**	**-**	**-**	**1 171 500**	**-**	**-**	**-**	**-**	**-**	**-**	**1 171 500**
Total	**183 124 708**	**84 329 724**	**(18 795 861)**	**-**	**-**	**-**	**248 658 571**	**(32 914 448)**	**825 754**	**-**	**(10 955 842)**	**-**	**(43 044 536)**	**205 614 035**

Makhuduthamaga Local Municipality
Appendix C
June 2015

Segmental analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Finance & Admin/Finance	34 277 974	10 167 081	(742 719)	-	-	**-**	**43 702 336**	(12 127 782)	433 015	-	(3 700 860)	-	**(15 395 627)**	28 306 709
Corporate services	6 118 379	847 391	(10 600)	-	-	**236 303**	**7 191 473**	(1 915 288)	5 593	-	(1 144 773)	-	**(3 054 468)**	4 137 005
Health/Clinics	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Comm. & Social/Libraries and archives	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Housing	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Public Safety/Police	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Sport and Recreation	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Environmental Protection/Pollution Control	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Waste Water Management/Sewerage	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Road Transport/Roads	204 624 227	116 295 411	(98 486 874)	-	-	**-**	**222 432 764**	(27 543 581)	-	-	(7 808 024)	-	**(35 351 605)**	187 081 159
Water/Water Distribution	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Electricity /Electricity Distribution	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Other/Air Transport	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	245 020 580	**127 309 883**	**(99 240 193)**	**-**	**-**	**236 303**	**273 326 573**	**(41 586 651)**	**438 608**	**-**	**(12 653 657)**	**-**	**(53 801 700)**	**219 524 873**
Total														
Municipality	245 020 580	127 309 883	(99 240 193)	-	-	**236 303**	**273 326 573**	(41 586 651)	438 608	-	(12 653 657)	-	**(53 801 700)**	219 524 873
Municipal Owned Entities	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	245 020 580	**127 309 883**	**(99 240 193)**	**-**	**-**	**236 303**	**273 326 573**	**(41 586 651)**	**438 608**	**-**	**(12 653 657)**	**-**	**(53 801 700)**	**219 524 873**

Makhuduthamaga Local Municipality
Appendix E(1)
June 2015

	Forecast # 1 2015 Act. Bal. Rand	Forecast # 1 2015 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	29 841 456	29 843 789	(2 333)	-	The variance is not material.
Rental of facilities and equipment	105 503	82 600	22 903	27,7	The municipality signed a new contract for rental after the adjustment budget for 2014/15 was approved by council.
Interest received (Investment)	8 119 268	11 547 643	(3 428 375)	(29,7)	This source of revenue was over budgeted for during the adjustment budget for 2014/15.
Interest received (Outstanding debtors)	17 086 743	16 361 493	725 250	4,4	Long outstanding debtors accunts not paid and resulting in more interests charged than projected.
Licences and permits	4 400 484	4 565 352	(164 868)	(3,6)	The municipality did not have the necessary equipments for the law enforcement division.
Administration and management fees received	-	-	-	-	
Traffic fines	635 095	500 000	135 095	27,0	The projection for traffic fines was reduced after the mid year performance assesment was done and realised that the function was not performing well as planed, and improved in the third quarter and fourth quarter.
Actuarial gain	-	-	-	-	
Government Grants - Operational	182 401 195	185 336 000	(2 934 805)	(1,6)	The application for roll over for INEG and MIG from 2013/14 financial year was disapproved by National Treasury and the amount for roll over was set off against the Equitable share allocation for 2014/15.
Government grants - Capital	54 735 352	57 452 000	(2 716 648)	(4,7)	There are two capital projects funded by MIG which could not be completed during the financial year as planned, due to contractor's underpricing and the other contractor failed to complete the project within agreed time and was terminated. The contracts were awarded to another contractors who will continue with the project in 2015/16. The municipality has applied for approval from National Treasury to roll over the funds to 2015/16 fiancial year.
Other income	1 669 362	1 230 000	439 362	35,7	The municipality had actuarial gain on post employment benefit obligations and gain on disposal of assets which were not budgeted for as the information for such gains was not available to management during the budgeting period.
Gain on disposal of assets	1 717	-	1 717	100,0	The municipality did not plan to dispose the assets, it was lost and claimed from the insurance.
	-	-	-	-	
	298 996 175	306 918 877	(7 922 702)	(2,6)	
Expenses					
Personnel	(46 859 327)	(54 320 812)	7 461 485	(13,7)	Vacant positions which were budgeted for and not filled in 2014/15 financial year.
Remuneration of councillors	(17 529 038)	(18 462 625)	933 587	(5,1)	The variance is not material.
Depreciation and impairment	(12 998 121)	(12 998 121)	-	-	
Debt impairment	(27 988 970)	(18 935 152)	(9 053 818)	47,8	Government department did not pay their outdtanding accounts for property rates and the outstanding debtors balance was impaired in terms of the municipality's credit control policy..
Contracted services	(38 271 225)	(45 037 860)	6 766 635	(15,0)	The were orders for repairs and maintenance for roads which service was not yet rendered at year end and were included in the commitments.
General Expenses	(48 722 647)	(58 002 469)	9 279 822	(16,0)	Some administration programmes were delayed for implementation to avoid cash flows problems due to poor revenue collection.
	(192 369 328)	(207 757 039)	15 387 711	(7,4)	
Other revenue and costs					

	Forecast # 1 2015 Act. Bal.	Forecast # 1 2015 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Gain or (loss) on disposal of assets	(98 796 578)	-	(98 796 578)	-	The municipality disposed the lost smooth roller compactor and assets that are owned by RAL in terms of the Government Notice issued in 2014. The assets were budgeted for under capital expenditure.
	(98 796 578)	-	(98 796 578)	-	
Net surplus/ (deficit) for the year	7 830 269	99 161 838	(91 331 569)	(92,1)	

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2015

	2015														2014
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue - Standard															
Governance and administration	**309 731 392**	**(2 812 515)**	**306 918 877**	**-**		**306 918 877**	**298 996 175**		**(7 922 702)**	**97 %**	**97 %**				**274 679 347**
Executive and council	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Budget and treasury office	309 731 392	(2 812 515)	306 918 877	-		306 918 877	298 996 175		(7 922 702)	97 %	97 %				274 679 347
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	**309 731 392**	**(2 812 515)**	**306 918 877**	**-**		**306 918 877**	**298 996 175**		**(7 922 702)**	**97 %**	**97 %**				**274 679 347**

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 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
Expenditure - Standard															
Governance and administration	**133 141 208**	**3 853 808**	**136 995 016**	**-**	**-**	**136 995 016**	**130 342 619**	**-**	**(6 652 397)**	**95 %**	**98 %**	**-**	**-**	**-**	**150 370 948**
Executive and council	45 131 439	(169 194)	44 962 245	-	(2 494 342)	42 467 903	36 400 880	-	(6 067 023)	86 %	81 %	-	-	-	32 854 199
Budget and treasury office	71 300 125	4 289 369	75 589 494	-	-	75 589 494	75 088 809	-	(500 685)	99 %	105 %	-	-	-	100 853 826
Corporate Services	16 709 644	(266 367)	16 443 277	-	2 494 342	18 937 619	18 852 930	-	(84 689)	100 %	113 %	-	-	-	16 662 923
Community and public safety	**15 793 005**	**1 662 035**	**17 455 040**	**-**	**-**	**17 455 040**	**12 323 108**	**-**	**(5 131 932)**	**71 %**	**78 %**	**-**	**-**	**-**	**12 448 791**
Community and social services	5 759 627	(529 449)	5 230 178	-	-	5 230 178	3 345 522	-	(1 884 656)	64 %	58 %	-	-	-	4 366 471
Sport and Recreation	600 000	932 600	1 532 600	-	-	1 532 600	969 943	-	(562 657)	63 %	162 %	-	-	-	368 198
Public safety	9 433 378	1 258 884	10 692 262	-	-	10 692 262	8 007 643	-	(2 684 619)	75 %	85 %	-	-	-	7 696 346
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	17 776
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**33 934 052**	**6 943 523**	**40 877 575**	**-**	**(1 630 161)**	**39 247 414**	**136 121 771**	**-**	**96 874 357**	**347 %**	**401 %**	**-**	**-**	**-**	**25 517 285**
Planning and development	13 444 372	(2 378 671)	11 065 701	-	-	11 065 701	9 453 184	-	(1 612 517)	85 %	70 %	-	-	-	7 412 180
Road transport	20 489 680	9 322 194	29 811 874	-	(1 630 161)	28 181 713	126 668 587	-	98 486 874	449 %	618 %	-	-	-	18 105 105
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**7 990 909**	**4 438 499**	**12 429 408**	**-**	**1 630 161**	**14 059 569**	**12 378 408**	**-**	**(1 681 161)**	**88 %**	**155 %**	**-**	**-**	**-**	**7 010 056**
Electricity	4 892 313	2 238 499	7 130 812	-	1 630 161	8 760 973	8 764 454	-	3 481	100 %	179 %	-	-	-	4 273 938
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	3 098 596	2 200 000	5 298 596	-	-	5 298 596	3 613 954	-	(1 684 642)	68 %	117 %	-	-	-	2 736 118
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	**190 859 174**	**16 897 865**	**207 757 039**	**-**	**-**	**207 757 039**	**291 165 906**	**-**	**83 408 867**	**140 %**	**153 %**	**-**	**-**	**-**	**195 347 080**
Surplus/(Deficit) for the year	**118 872 218**	**(19 710 380)**	**99 161 838**	**-**		**99 161 838**	**7 830 269**		**(91 331 569)**	**8 %**	**7 %**				**79 332 267**

Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 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															
Vote7 - Budget & Treasury	309 731 392	(2 812 515)	306 918 877	-		306 918 877	298 996 175		(7 922 702)	97 %	97 %				274 679 347
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue by Vote	**309 731 392**	**(2 812 515)**	**306 918 877**	**-**		**306 918 877**	**298 996 175**		**(7 922 702)**	**97 %**	**97 %**				**274 679 347**
Expenditure by Vote to be appropriated															
Vote1- Council	39 756 738	115 072	39 871 810	-	(2 494 342)	37 377 468	32 138 851	-	(5 238 617)	86 %	81 %	-	-	-	28 773 078
Vote2 - Office of the Municipal Manager	5 374 701	(284 266)	5 090 435	-	-	5 090 435	4 262 029	-	(828 406)	84 %	79 %	-	-	-	4 081 121
Vote3 - Economic Development and Planning	13 444 372	(2 378 671)	11 065 701	-	-	11 065 701	9 453 184	-	(1 612 517)	85 %	70 %	-	-	-	7 412 180
Vote4 - Infrastructure Development	25 381 993	11 560 693	36 942 686	-	-	36 942 686	135 433 041	-	98 490 355	367 %	534 %	-	-	-	22 379 043
Vote5 - Community Services	18 891 601	3 862 035	22 753 636	-	-	22 753 636	15 937 062	-	(6 816 574)	70 %	84 %	-	-	-	15 184 909
Vote6 - Corporate Services	16 709 644	(266 367)	16 443 277	-	2 494 342	18 937 619	18 852 930	-	(84 689)	100 %	113 %	-	-	-	16 662 923
Vote7 - Budget & Treasury	71 300 125	4 289 369	75 589 494	-	-	75 589 494	75 088 809	-	(500 685)	99 %	105 %	-	-	-	100 853 826
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure by Vote	**190 859 174**	**16 897 865**	**207 757 039**	**-**	**-**	**207 757 039**	**291 165 906**	**-**	**83 408 867**	**140 %**	**153 %**	**-**	**-**	**-**	**195 347 080**
Surplus/(Deficit) for the year	**118 872 218**	**(19 710 380)**	**99 161 838**	**-**		**99 161 838**	**7 830 269**		**(91 331 569)**	**8 %**	**7 %**				**79 332 267**

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 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 Source															
Property rates	35 616 304	(5 772 515)	29 843 789	-		29 843 789	29 841 456		(2 333)	100 %	84 %				43 986 731
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 %				-
Actuarial gain	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	72 600	10 000	82 600	-		82 600	105 503		22 903	128 %	145 %				75 369
Interest earned - external investments	11 397 643	150 000	11 547 643	-		11 547 643	8 119 268		(3 428 375)	70 %	71 %				7 827 305
Interest earned - outstanding debtors	10 361 493	6 000 000	16 361 493	-		16 361 493	17 086 743		725 250	104 %	165 %				12 455 292
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Traffic Fines	2 500 000	(2 000 000)	500 000	-		500 000	635 095		135 095	127 %	25 %				156 030
Licences and permits	5 565 352	(1 000 000)	4 565 352	-		4 565 352	4 400 484		(164 868)	96 %	79 %				4 038 872
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	185 336 000	-	185 336 000	-		185 336 000	182 401 195		(2 934 805)	98 %	98 %				162 144 001
Other revenue	1 430 000	(200 000)	1 230 000	-		1 230 000	1 669 362		439 362	136 %	117 %				2 115 000
Gains on disposal of PPE	-	-	-	-		-	1 717		1 717	DIV/0 %	DIV/0 %				341 641
Total Revenue (excluding capital transfers and contributions)	**252 279 392**	**(2 812 515)**	**249 466 877**	**-**		**249 466 877**	**244 260 823**		**(5 206 054)**	**98 %**	**97 %**				**233 140 241**

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015

	2015											2014			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Expenditure By Type															
Employee related costs	63 224 962	(8 904 150)	54 320 812	-	-	54 320 812	46 859 327	-	(7 461 485)	86 %	74 %	-	-	-	43 738 747
Remuneration of councillors	18 373 379	89 246	18 462 625	-	-	18 462 625	17 529 038	-	(933 587)	95 %	95 %	-	-	-	16 688 275
Debt impairment	1 637 591	17 297 561	18 935 152		-	18 935 152	27 988 970	-	9 053 818	148 %	1 709 %	-	-	-	36 155 334
Depreciation & asset impairment	15 105 200	(2 697 478)	12 407 722		590 399	12 998 121	13 733 244	-	735 123	106 %	91 %	-	-	-	10 721 100
Finance charges	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	35 712 000	9 325 860	45 037 860	-	-	45 037 860	38 271 225	-	(6 766 635)	85 %	107 %	-	-	-	28 483 939
Transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
General expenditure	56 806 042	1 786 826	58 592 868	-	(590 399)	58 002 469	48 722 647	-	(9 279 822)	84 %	86 %	-	-	-	41 415 631
Loss on disposal of PPE	-	-	-	-	-	-	98 796 578	-	98 796 578	DIV/0 %	DIV/0 %	-	-	-	17 909 314
Total Expenditure	**190 859 174**	**16 897 865**	**207 757 039**	**-**	**-**	**207 757 039**	**291 901 029**	**-**	**84 143 990**	**141 %**	**153 %**	**-**	**-**	**-**	**195 112 340**
Surplus/(Deficit)	**61 420 218**	**(19 710 380)**	**41 709 838**	**-**		**41 709 838**	**(47 640 206)**		**(89 350 044)**	**(114)%**	**(78)%**				**38 027 901**
Transfers recognised - capital	57 452 000	-	57 452 000	-		57 452 000	54 735 352		(2 716 648)	95 %	95 %				41 539 106
Contributions recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Contributed assets	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after capital transfers & contributions	**118 872 218**	**(19 710 380)**	**99 161 838**	**-**		**99 161 838**	**7 095 146**		**(92 066 692)**	**7 %**	**6 %**				**79 567 007**
Taxation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after taxation	**118 872 218**	**(19 710 380)**	**99 161 838**	**-**		**99 161 838**	**7 095 146**		**(92 066 692)**	**7 %**	**6 %**				**79 567 007**
Attributable to minorities	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) attributable to municipality	**118 872 218**	**(19 710 380)**	**99 161 838**	**-**		**99 161 838**	**7 095 146**		**(92 066 692)**	**7 %**	**6 %**				**79 567 007**
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) for the year	**118 872 218**	**(19 710 380)**	**99 161 838**	**-**		**99 161 838**	**7 095 146**		**(92 066 692)**	**7 %**	**6 %**				**79 567 007**

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 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
Capital expenditure - Vote															
Multi-year expenditure															
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote4 - Infrastructure Development	129 100 790	12 753 000	141 853 790	-	-	141 853 790	116 295 411	-	(25 558 379)	82 %	90 %	-	-	-	74 598 687
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital multi-year expenditure sub-total	**129 100 790**	**12 753 000**	**141 853 790**	**-**	**-**	**141 853 790**	**116 295 411**	**-**	**(25 558 379)**	**82 %**	**90 %**	**-**	**-**	**-**	**74 598 687**
Single-year expenditure															
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote3 - Economic Development and Planning	2 800 000	2 200 000	5 000 000	-	-	5 000 000	-	-	(5 000 000)	- %	- %	-	-	-	-
Vote4 - Infrastructure Development	1 950 000	(802 055)	1 147 945	-	-	1 147 945	-	-	(1 147 945)	- %	- %	-	-	-	-
Vote5 - Community Services	16 326 873	(11 160 828)	5 166 045	-	-	5 166 045	-	-	(5 166 045)	- %	- %	-	-	-	-
Vote6 - Corporate Services	1 000 000	1 362 267	2 362 267	-	-	2 362 267	1 037 216	-	(1 325 051)	44 %	104 %	-	-	-	4 054 061
Vote7 - Budget & Treasury	5 500 000	5 700 000	11 200 000	-	-	11 200 000	10 167 081	-	(1 032 919)	91 %	185 %	-	-	-	5 676 976
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	**27 576 873**	**(2 700 616)**	**24 876 257**	**-**	**-**	**24 876 257**	**11 204 297**	**-**	**(13 671 960)**	**45 %**	**41 %**	**-**	**-**	**-**	**74 598 687**
Total Capital Expenditure - Vote	**156 677 663**	**10 052 384**	**166 730 047**	**-**	**-**	**166 730 047**	**127 499 708**	**-**	**(39 230 339)**	**76 %**	**81 %**	**-**	**-**	**-**	**149 197 374**

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 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
Capital Expenditure - Standard															
Governance and administration	**6 500 000**	**7 062 267**	**13 562 267**	**-**	**-**	**13 562 267**	**11 204 297**	**-**	**(2 357 970)**	**83 %**	**172 %**	**-**	**-**	**-**	**9 731 037**
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	5 500 000	5 700 000	11 200 000	-	-	11 200 000	10 167 081	-	(1 032 919)	91 %	185 %	-	-	-	5 676 976
Corporate services	1 000 000	1 362 267	2 362 267	-	-	2 362 267	1 037 216	-	(1 325 051)	44 %	104 %	-	-	-	4 054 061
Community and public safety	**11 726 873**	**(9 560 828)**	**2 166 045**	**-**	**-**	**2 166 045**	**-**	**-**	**(2 166 045)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Community and social services	405 000	(405 000)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	3 026 044	(860 000)	2 166 044	-	-	2 166 044	-	-	(2 166 044)	- %	- %	-	-	-	-
Housing	8 295 829	(8 295 828)	1	-	-	1	-	-	(1)	- %	- %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**131 900 790**	**14 953 000**	**146 853 790**	**-**	**-**	**146 853 790**	**116 295 411**	**-**	**(30 558 379)**	**79 %**	**88 %**	**-**	**-**	**-**	**74 598 687**
Planning and development	2 800 000	2 200 000	5 000 000	-	-	5 000 000	-	-	(5 000 000)	- %	- %	-	-	-	-
Road transport	129 100 790	12 753 000	141 853 790	-	-	141 853 790	116 295 411	-	(25 558 379)	82 %	90 %	-	-	-	74 598 687
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**6 550 000**	**(2 402 055)**	**4 147 945**	**-**	**-**	**4 147 945**	**-**	**-**	**(4 147 945)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Electricity	1 950 000	(802 055)	1 147 945	-	-	1 147 945	-	-	(1 147 945)	- %	- %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	4 600 000	(1 600 000)	3 000 000	-	-	3 000 000	-	-	(3 000 000)	- %	- %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	**156 677 663**	**10 052 384**	**166 730 047**	**-**	**-**	**166 730 047**	**127 499 708**	**-**	**(39 230 339)**	**76 %**	**81 %**	**-**	**-**	**-**	**84 329 724**
Funded by:															
National Government	57 452 000	-	57 452 000	-		57 452 000	54 735 352		(2 716 648)	95 %	95 %				41 539 106
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Equitable Share	61 285 662	(19 947 615)	41 338 047	-		41 338 047	32 568 556		(8 769 491)	79 %	53 %				16 491 717
Transfers recognised - capital	**118 737 662**	**(19 947 615)**	**98 790 047**	**-**		**98 790 047**	**87 303 908**		**(11 486 139)**	**88 %**	**74 %**				**58 030 823**
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Internally generated funds	37 940 000	30 000 000	67 940 000	-		67 940 000	40 195 800		(27 744 200)	59 %	106 %				26 298 901
Total Capital Funding	**156 677 662**	**10 052 385**	**166 730 047**	**-**		**166 730 047**	**127 499 708**		**(39 230 339)**	**76 %**	**81 %**				**84 329 724**

Makhuduthamaga Local Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2015

	2015								2014
	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	19 767 951	(2 812 515)	16 955 436	16 955 436	13 594 168	(3 361 268)	80 %	69 %	17 336 737
Government - operating & capital	242 788 000	-	242 788 000	242 788 000	232 147 034	(10 640 966)	96 %	96 %	185 805 839
Government - capital	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Interest	11 397 642	-	11 397 642	11 397 642	8 119 268	(3 278 374)	71 %	71 %	7 827 305
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	(174 116 383)	(16 897 864)	(191 014 247)	(191 014 247)	(144 623 427)	46 390 820	76 %	83 %	(124 642 833)
Finance charges	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	**99 837 210**	**(19 710 379)**	**80 126 831**	**80 126 831**	**109 237 043**	**29 110 212**	**136 %**	**109 %**	**86 327 048**
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	6 724	6 724	DIV/0 %	DIV/0 %	390 150
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	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Capital assets	(156 677 663)	(10 052 383)	(166 730 046)	(166 730 046)	(127 499 708)	39 230 338	76 %	81 %	(84 329 723)
Net cash flow from/used investing activities	**(156 677 663)**	**(10 052 383)**	**(166 730 046)**	**(166 730 046)**	**(127 492 984)**	**39 237 062**	**76 %**	**81 %**	**(83 939 573)**
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of finance lease	-	-	-	-	-	-	DIV/0 %	DIV/0 %	(80 649)
Net cash flow from/used financing activities	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**(80 649)**
Net increase/(decrease) in cash held	**(56 840 453)**	**(29 762 762)**	**(86 603 215)**	**(86 603 215)**	**(18 255 941)**	**68 347 274**	**21 %**	**32 %**	**2 306 826**
Cash/cash equivalents at the year begin:					129 701 971				127 395 145
Cash/cash equivalents at the year end:	**(56 840 453)**	**(29 762 762)**	**(86 603 215)**	**(86 603 215)**	**111 446 030**	**68 347 274**	**(129)%**	**(196)%**	