Lejweleputswa District Municipality Consolidated
Financial statements
for the year ended 30 June, 2015

General Information

Legal form of entity	An organ of state exercising legislative and executive authority
Nature of business and principal activities	District municipality
Mayoral committee	
Executive Mayor	Cllr NW Speelman
Speaker	Cllr MA Olifant
Councillors	Cllr KR Phukuntsi - MMc Sports, Arts,Culture and Recreation
	Cllr M Lekaota - MMC Corporate Services and Administration
	Cllr TD Khalipha - MMC Social Services and Enviromental Health
	Cllr MJ Pereko - MMC Special Programme
	Cllr MMT Matlabe - MMC Finance
	Cllr PP Maseko - MMC Municipal Support and Infrastructure
	Cllr XJ Toki - MMC LED, Tourism, Agriculture, Youth and SMME
Grading of local authority	4 (low capacity) DC18
Accounting Officer	Ms PME Kaota
Chief Finance Officer (CFO)	Mr PK Pitso
Registered office	Office of the Municipal Manager
Business address	Corner of Jan Hofmeyer and Tempest Road Jim Fouche Park WELKOM 9459
Postal address	P.O. Box 216 WELKOM 9460
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa

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

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Abbreviations

CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
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)
PAYE	Pay As You Earn
UIF	Unemployent Insurance Fund
VAT	Value Added Tax

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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

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

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

The external auditors are responsible for independently reviewing and reporting on the economic entity's financial statements.

The consolidated financial statements set out on pages 6 to 62, which have been prepared on the going concern basis, were approved by the accounting officer and were signed on its behalf by:

Accounting Officer

Welkom

30 September, 2015

Audit 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 4 meetings were held.

Name of member	Number of meetings attended
Mr LJ Makoro (chairperson)	4
Mr ET Femele	4
Mr NL Masoka	3
Adv LS Khonkhe	3
Me NR Phatlane (resigned November 2014)	0
Nr NS Marota (replaced Me Phatlane)	2

Audit committee responsibility

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

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

Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited 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 financial statements, and are of the opinion that the audited 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 economic entity and its audits.

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Chairperson of the Audit Committee

Date: ______________________

Statement of Financial Position as at 30 June, 2015

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2015	2014 Restated*	2015	2014 Restated*
Assets					
Current Assets					
Cash and cash equivalents	3	18,513,443	22,895,556	18,069,343	18,464,437
Other financial assets	4	40,366,752	30,284,902	40,366,752	30,284,902
Receivables from exchange transactions	5	7,296	35,137	-	-
Receivables from non-exchange transactions	6	247,262	859,561	247,262	859,561
VAT receivable	7	840,913	89,391	597,204	89,391
		59,975,666	**54,164,547**	**59,280,561**	**49,698,291**
Non-Current Assets					
Property, plant and equipment	8	66,565,291	70,217,764	66,468,338	70,148,909
Intangible assets	9	370,929	1,610,797	351,857	1,610,437
Investments in controlled entities	10	100	100	100	100
		66,936,320	**71,828,661**	**66,820,295**	**71,759,446**
Total Assets		**126,911,986**	**125,993,208**	**126,100,856**	**121,457,737**
Liabilities					
Current Liabilities					
Payables from exchange transactions	11	7,805,860	7,194,525	7,686,619	7,137,918
Other financial liabilities	12	2,145,864	1,847,014	2,145,864	1,847,014
VAT payable	13	-	2,441,904	-	-
Long service awards	14	3,498,000	3,217,000	3,498,000	3,217,000
Unspent conditional grants and receipts	15	-	2,638,314	-	-
Provisions	16	536,037	842,307	536,037	842,307
		13,985,761	**18,181,064**	**13,866,520**	**13,044,239**
Non-Current Liabilities					
Other financial liabilities	12	10,967,222	13,113,088	10,967,222	13,113,088
Employee benefit obligation	14	9,082,000	7,588,000	9,082,000	7,588,000
		20,049,222	**20,701,088**	**20,049,222**	**20,701,088**
Total Liabilities		**34,034,983**	**38,882,152**	**33,915,742**	**33,745,327**
Net Assets		**92,877,003**	**87,111,056**	**92,185,114**	**87,712,410**
Share capital	17	100	100	-	-
Accumulated surplus		92,876,903	87,110,956	92,185,114	87,712,410
Total Net Assets		**92,877,003**	**87,111,056**	**92,185,114**	**87,712,410**

* See Note 37

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity 2015	Economic entity 2014 Restated*	Controlling entity 2015	Controlling entity 2014 Restated*
Revenue					
Revenue from exchange transactions					
Interest received (trading)	18	734,280	1,141,575	734,280	1,141,575
Other income	19	230,940	1,123,900	230,940	1,123,900
Interest received - investment	20	3,873,193	3,010,559	3,741,895	2,824,496
Total revenue from exchange transactions		**4,838,413**	**5,276,034**	**4,707,115**	**5,089,971**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	21	114,144,314	105,241,415	108,706,000	103,760,000
Total revenue	18	**118,982,727**	**110,517,449**	**113,413,115**	**108,849,971**
Expenditure					
Employee related costs	22	(64,780,050)	(62,638,587)	(62,537,764)	(60,740,189)
Remuneration of councillors	23	(9,293,511)	(8,713,434)	(9,293,511)	(8,713,434)
Transfers to local municipalities	24	(1,048,505)	(1,563,049)	(1,048,505)	(1,563,049)
Depreciation and amortisation	25	(6,533,430)	(6,677,704)	(6,505,111)	(6,651,214)
Impairment loss/ Reversal of impairments	26	(1,067,324)	2,911,381	(1,067,324)	2,911,381
Finance costs	27	(2,320,928)	(2,582,857)	(2,320,928)	(2,582,857)
Lease rentals on operating lease		(39,120)	-	-	-
Transfer to Development Agency		-	(307,018)	(2,500,000)	(2,500,000)
Repairs and maintenance	28	(476,058)	(406,696)	(464,512)	(404,943)
Consulting and professional fees	29	(858,661)	(1,648,744)	(858,661)	(1,648,744)
General Expenses	30	(29,789,414)	(25,354,643)	(22,886,952)	(22,861,814)
Total expenditure		**(116,207,001)**	**(106,981,351)**	**(109,483,268)**	**(104,754,863)**
Operating surplus		**2,775,726**	**3,536,098**	**3,929,847**	**4,095,108**
Loss on disposal of assets and liabilities		(237,389)	(481,858)	(237,389)	(481,858)
Surplus for the year		**2,538,337**	**3,054,240**	**3,692,458**	**3,613,250**

* See Note 37

Statement of Changes in Net Assets

Figures in Rand	Share capital	Accumulated surplus	Total net assets
Economic entity			
Balance at 1 July, 2013	**-**	**83,392,073**	**83,392,073**
Changes in net assets			
Fair value gains, net of tax: Land and buildings	-	11,500	11,500
Financial assets	-	653,143	653,143
Net income (losses) recognised directly in net assets	-	664,643	664,643
Surplus for the year	-	3,054,240	3,054,240
Total recognised income and expenses for the year	-	3,718,883	3,718,883
Issue of shares	100	-	100
Total changes	100	3,718,883	3,718,983
Opening balance as previously reported	100	87,110,956	87,111,056
Adjustments			
Correction of errors	-	780,239	780,239
Restated* Balance at 1 July, 2014 as restated*	**100**	**87,891,195**	**87,891,295**
Changes in net assets			
Additonal VAT assessed by SARS to prior year written off in current year	-	2,447,371	2,447,371
Net income (losses) recognised directly in net assets	-	2,447,371	2,447,371
Surplus for the year	-	2,538,337	2,538,337
Total recognised income and expenses for the year	-	4,985,708	4,985,708
Total changes	-	4,985,708	4,985,708
Balance at 30 June, 2015	**100**	**92,876,903**	**92,877,003**
Note(s)	17		
Controlling entity			
Balance at 1 July, 2013	**-**	**84,099,160**	**84,099,160**
Changes in net assets			
Surplus for the year	-	3,613,250	3,613,250
Total changes	-	3,613,250	3,613,250
Opening balance as previously reported	-	87,712,416	87,712,416
Adjustments			
Correction of errors	-	780,240	780,240
Restated* Balance at 1 July, 2014 as restated*	**-**	**88,492,656**	**88,492,656**
Changes in net assets			
Surplus for the year	-	3,692,458	3,692,458
Total changes	-	3,692,458	3,692,458
Balance at 30 June, 2015	**-**	**92,185,114**	**92,185,114**
Note(s)	17		

* See Note 37

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2015	2014 Restated*	2015	2014 Restated*
Cash flows from operating activities					
Receipts					
Grants		111,506,000	106,260,000	108,706,000	103,760,000
Interest income		4,607,473	3,010,559	4,476,175	2,824,496
Other receipts		1,093,591	13,760,865	230,940	5,869,751
		117,207,064	123,031,424	113,413,115	112,454,247
Payments					
Employee costs		(74,073,561)	(71,352,020)	(71,831,275)	(69,453,623)
Suppliers		(32,916,572)	(27,991,749)	(25,815,669)	(26,062,020)
Finance costs		(2,320,928)	(2,582,857)	(2,320,928)	(2,582,857)
Other payments		(386,621)	(4,148,742)	(386,621)	(1,648,744)
		(109,697,682)	(106,075,368)	(100,354,493)	(99,747,244)
Net cash flows from operating activities	32	**7,509,382**	**16,956,056**	**13,058,622**	**12,707,003**
Cash flows from investing activities					
Purchase of property, plant and equipment	8	(749,321)	(6,321,430)	(696,406)	(2,199,481)
Proceeds from sale of property, plant and equipment	8	758,097	1,617,996	995,486	(201)
Purchase of other intangible assets	9	(255,598)	(154,824)	(233,385)	(154,824)
Proceeds from sale of other intangible assets	9	3,193	-	3,193	-
Increase in other financial assets		(10,081,850)	(10,284,902)	(10,081,850)	(10,284,902)
Net cash flows from investing activities		**(10,325,479)**	**(15,143,160)**	**(10,012,962)**	**(12,639,408)**
Cash flows from financing activities					
Repayment of other financial liabilities		(1,847,016)	(1,585,085)	(1,847,016)	(1,585,085)
Movement in long service awards		281,000	-	281,000	-
Net cash flows from financing activities		**(1,566,016)**	**(1,585,085)**	**(1,566,016)**	**(1,585,085)**
Net increase/(decrease) in cash and cash equivalents		**(4,382,113)**	**227,811**	**(395,094)**	**(1,517,490)**
Cash and cash equivalents at the beginning of the year		22,895,556	22,667,745	18,464,437	19,981,927
Cash and cash equivalents at the end of the year	3	**18,513,443**	**22,895,556**	**18,069,343**	**18,464,437**

* See Note 37

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	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received (trading)	305,014	69,986	**375,000**	734,280	**359,280**	
Other income	95,000	5,000	**100,000**	230,940	**130,940**	
Interest received - investment	2,144,522	6,500	**2,151,022**	3,873,193	**1,722,171**	
Total revenue from exchange transactions	**2,544,536**	**81,486**	**2,626,022**	**4,838,413**	**2,212,391**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	114,706,000	-	**114,706,000**	114,144,314	**(561,686)**	
Total revenue	**117,250,536**	**81,486**	**117,332,022**	**118,982,727**	**1,650,705**	
Expenditure						
Personnel	(65,250,223)	(1,885,140)	**(67,135,363)**	(64,780,050)	**2,355,313**	
Remuneration of councillors	(8,961,550)	-	**(8,961,550)**	(9,293,511)	**(331,961)**	
Transfer payments - Other	(2,950,000)	-	**(2,950,000)**	(1,048,505)	**1,901,495**	
Depreciation and amortisation	(6,645,631)	10,000	**(6,635,631)**	(6,533,430)	**102,201**	
Impairment loss/ Reversal of impairments	(485,590)	-	**(485,590)**	(1,067,324)	**(581,734)**	
Finance costs	(2,320,928)	-	**(2,320,928)**	(2,320,928)	**-**	
Lease rentals on operating lease	(31,200)	(10,000)	**(41,200)**	(39,120)	**2,080**	
Repairs and maintenance	(687,914)	81,111	**(606,803)**	(476,058)	**130,745**	
Consulting and professional fees	(1,200,145)	278,600	**(921,545)**	(858,661)	**62,884**	
General Expenses	(36,553,305)	1,164,530	**(35,388,775)**	(29,789,414)	**5,599,361**	
Total expenditure	**(125,086,486)**	**(360,899)**	**(125,447,385)**	**(116,207,001)**	**9,240,384**	
Operating (deficit) / surplus	**(7,835,950)**	**(279,413)**	**(8,115,363)**	**2,775,726**	**10,891,089**	
Loss on disposal of assets and liabilities	-	(17,244)	**(17,244)**	(237,389)	**(220,145)**	
(Deficit) / Surplus before taxation	**(7,835,950)**	**(296,657)**	**(8,132,607)**	**2,538,337**	**10,670,944**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(7,835,950)**	**(296,657)**	**(8,132,607)**	**2,538,337**	**10,670,944**	
Reconciliation						

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	Reference
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received (trading)	305,014	69,986	**375,000**	734,280	**359,280**	
Other income	95,000	5,000	**100,000**	230,940	**130,940**	
Interest received - investment	2,144,522	6,500	**2,151,022**	3,741,895	**1,590,873**	
Total revenue from exchange transactions	**2,544,536**	**81,486**	**2,626,022**	**4,707,115**	**2,081,093**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	108,706,000	-	**108,706,000**	108,706,000	**-**	
Total revenue	**111,250,536**	**81,486**	**111,332,022**	**113,413,115**	**2,081,093**	
Expenditure						
Personnel	(62,615,324)	(2,028,140)	**(64,643,464)**	(62,537,764)	**2,105,700**	
Remuneration of councillors	(8,961,550)	-	**(8,961,550)**	(9,293,511)	**(331,961)**	
Transfer payments - Other	(2,950,000)	-	**(2,950,000)**	(1,048,505)	**1,901,495**	
Depreciation and amortisation	(6,595,631)	-	**(6,595,631)**	(6,505,111)	**90,520**	
Impairment loss/ Reversal of impairments	(485,590)	-	**(485,590)**	(1,067,324)	**(581,734)**	
Finance costs	(2,320,928)	-	**(2,320,928)**	(2,320,928)	**-**	
Collection costs	(2,500,000)	-	**(2,500,000)**	(2,500,000)	**-**	
Repairs and maintenance	(687,914)	81,111	**(606,803)**	(464,512)	**142,291**	
Consulting and professional fees	(1,200,145)	278,600	**(921,545)**	(858,661)	**62,884**	
General Expenses	(25,209,627)	1,307,530	**(23,902,097)**	(22,886,952)	**1,015,145**	
Total expenditure	**(113,526,709)**	**(360,899)**	**(113,887,608)**	**(109,483,268)**	**4,404,340**	
Operating (deficit) / surplus	**(2,276,173)**	**(279,413)**	**(2,555,586)**	**3,929,847**	**6,485,433**	
Loss on disposal of assets and liabilities	-	(17,244)	**(17,244)**	(237,389)	**(220,145)**	
(Deficit) / Surplus before taxation	**(2,276,173)**	**(296,657)**	**(2,572,830)**	**3,692,458**	**6,265,288**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(2,276,173)**	**(296,657)**	**(2,572,830)**	**3,692,458**	**6,265,288**	
Reconciliation						

Accounting Policies

1. Presentation of Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the controlling entity and controlled entity, including special purpose entities, which are controlled by the controlling entity.

The results of controlled entities, are included in the consolidated financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, including the cumulative amount of any exchange differences that relate to the controlled entity recognised in net assets in accordance with the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates, is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

1.3 Significant judgements and sources of estimation uncertainty

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

1.3 Significant judgements and sources of estimation uncertainty (continued)

Receivables

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

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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 economic entity 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. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 14.

Effective interest rate

The economic entity used the prime interest rate 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.

Accounting Policies

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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	Not depreciated
Buildings	Straight line	30 years
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	7 years
Office equipment	Straight line	4 years
Emergency equipment	Straight line	5 year
Other property, plant and equipment	Straight line	5 years

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

1.5 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 economic entity or from other rights and obligations.

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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

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, other	3 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.

Accounting Policies

1.6 Investments in controlled entities

Controlling entity financial statements

In the municipality's separate financial statements, investments in investments in controlled entities are carried at fair value through surplus or deficit.

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

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

1.7 Financial instruments

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

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

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

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

Initial recognition

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

1.7 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are 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 entity 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 economic entity 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.

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 entity 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 directly OR 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 directly OR 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.

Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 entity :
  - 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 entity 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 entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity 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 entity 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.

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 entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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.

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the economic entity 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 economic entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the economic entity.

1.9 Impairment of cash-generating assets (continued)

Criteria developed by the economic entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

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

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

Irrespective of whether there is any indication of impairment, the economic entity 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 economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity 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.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity 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.

1.9 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 economic entity 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 economic entity 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.

1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The economic entity 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.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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.

1.10 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the economic entity 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.

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

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

Identification

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

The economic entity 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 economic entity 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 economic entity 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.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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 economic entity 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

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

Reversal of an impairment loss

The economic entity 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 economic entity 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.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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.

1.11 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

1.12 Employee benefits

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 entity 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 entity) that are held by an entity (a fund) that is legally separate from the reporting entity 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 entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity 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 entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity'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 entity 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.

The entity 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 financial statements do not differ materially from the amounts that would be determined at the reporting date.

1.12 Employee benefits (continued)

The entity 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 entity 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 entity 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 entity 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 entity 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 entity 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 [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity 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.

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 post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

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 municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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

The entity shall recognise 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.

1.12 Employee benefits (continued)

Termination benefits

The entity 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 entity 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. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

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

1.13 Provisions and contingencies

Provisions are recognised when:

- the economic entity 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 economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating deficits.

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

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- 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 economic entity

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity 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 35.

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

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

The economic entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the economic entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the economic entity considers that an outflow of economic resources is probable, an economic entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Revenue from exchange transactions

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

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

1.14 Revenue from exchange transactions (continued)

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.

Interest and investment income

Revenue arising from the use by others of entity 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.

1.15 Revenue from non-exchange transactions

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

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

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

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

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

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

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.

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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.

Transfers

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

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

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

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.

1.16 Borrowing costs

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

1.17 Unauthorised expenditure

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

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

1.18 Fruitless and wasteful expenditure

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

Accounting Policies

1.18 Fruitless and wasteful expenditure (continued)

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.

1.19 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.

1.20 Budget information

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

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

The budget for the economic entity includes all the entities approved budgets under its control.

The 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.

1.21 Related parties

The economic entity 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 economic entity, including those charged with the governance of the economic entity 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 economic entity.

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

1.22 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).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Accounting Policies

1.23 Events after the reporting date

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

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

1.24 VAT

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

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

2.2 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity’s accounting periods beginning on or after 1 July, 2015 or later periods:

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. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

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

The economic entity expects to adopt the standard for the first time in the 2016 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's 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. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

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

The economic entity expects to adopt the standard for the first time in the 2016 financial statements.

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

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

Notes to the Financial Statements

2. New standards and interpretations (continued)

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

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

The economic entity expects to adopt the standard for the first time in the 2016 financial statements.

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

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The economic entity expects to adopt the standard for the first time when the Minister set the effective date for the standard.

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

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The economic entity does not envisage the adoption of the standard until such time as it becomes applicable to the economic entity's operations.

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

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,000	2,200	2,000	2,200
Bank balances	18,510,443	22,892,356	18,067,343	18,462,237
Short-term deposits	1,000	1,000	-	-
	18,513,443	**22,895,556**	**18,069,343**	**18,464,437**

None of the bank accounts were pledged as security.

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2015	**30 June, 2014**	**30 June, 2013**	**30 June, 2015**	**30 June, 2014**	**30 June, 2013**
ABSA Bank - cheque account - 1340000117	12,986,791	14,692,987	4,041,011	12,924,902	14,375,268	4,041,011
Standard Bank -Fixed amount - 248538810007	-	-	5,000,000	-	-	5,000,000
ABSA - fixed account - 2073233315	-	-	5,000,000	-	-	5,000,000
ABSA - call account - 9277830198	6,291	5,974	-	6,291	5,974	-
ABSA - call account - 9275618908	-	-	5,938,716	-	-	5,938,716
ABSA - call account - 9292006970	-	4,080,995	-	-	4,080,995	-
Cash on hand	2,000	2,200	2,200	2,000	2,200	2,200
ABSA - call account - 9301665952	513,610	-	-	5,136,150	-	-
Nedbank - current account - 1002745926	443,100	4,430,119	46,574	443,100	4,430,119	46,574
Nedbank - call - 76620211301	1,000	1,000	2,638,533	1,000	1,000	2,638,533
Total	**13,952,792**	**23,213,275**	**22,667,034**	**18,513,443**	**22,895,556**	**22,667,034**

4. Other financial assets

At amortised cost				
ABSA Bank fixed account Account no: 2075116692 - maturity date 2015/07/15 at an interest rate of 6,35% Account no: 2075234375 - maturity date 2015/09/01 at an interest rate of 6,44%	20,183,362	-	20,183,362	-
Standard bank fixed account Account no: 248538810011 - maturity date 2015/07/05 at an interest rate of 6,525% Account no: 248538810012 - maturity date 2015/09/03 at an interest rate of 6,425%	20,183,390	10,093,580	20,183,390	10,093,580
Nedbank fixed account Account no: 03/7662020096/000031 - maturity date 2015/03/02 at an interest rate of 6,7% Account no: 03/7662020096/000032 - maturity date 2015/05/04 at an interest rate of 6,20%	-	10,096,760	-	10,096,760
FNB fixed account Account no: 74508262884 - maturity date 2015/03/02 at an interest rate of 6,25% Account no: 74494130690 - maturity date 2015/05/05 at an interest rate of 6,20%	-	10,094,562	-	10,094,562
	40,366,752	**30,284,902**	**40,366,752**	**30,284,902**
Current assets				
At amortised cost	40,366,752	30,284,902	40,366,752	30,284,902

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

4. Other financial assets (continued)

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

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

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

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

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

Level 2				
ABSA fixed deposit	20,183,362	-	20,183,362	-
FNB fixed deposit	-	10,094,562	-	10,094,562
Nedbank fixed deposit	-	10,096,760	-	10,096,760
Standard Bank fixed deposit	20,183,390	10,093,580	20,183,390	10,093,580
	40,366,752	**30,284,902**	**40,366,752**	**30,284,902**

Renegotiated terms

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

5. Receivables from exchange transactions

Trade debtors	6,726	34,567	-	-
Deposits	570	570	-	-
	7,296	**35,137**	**-**	**-**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June, 2015, R 6,726 (2014: R 34,567) were past due but not impaired.

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

3 months past due	6,726	24,567	-	-

Trade and other receivables impaired

Trade and other receivables as at 30 June 2015 were not impaired.

6. Receivables from non-exchange transactions

Deposits	4,700	4,700	4,700	4,700
Other receivables	(24,715)	-	(24,715)	-
Sundry receivables	10,787,330	10,310,090	10,787,330	10,310,090
Less: Allowance for impairment	(10,520,053)	(9,455,229)	(10,520,053)	(9,455,229)
	247,262	**859,561**	**247,262**	**859,561**

Included in other receivables are irregular expenditure incurred during the financial year. refer to note 44.

None of the receivables were pledged as security.

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

6. Receivables from non-exchange transactions (continued)

Credit quality of receivables from non-exchange transactions

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

Receivables from non-exchange transactions past due but not impaired

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

3 months past due	247,262	859,561	247,262	859,561

Reconciliation of allowance for impairment

Opening balance	9,455,228	12,370,047	9,455,228	12,370,047
Provision for impairment	1,064,824	(2,914,819)	1,064,824	(2,914,819)
	10,520,052	**9,455,228**	**10,520,052**	**9,455,228**

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

The fair value of sundry receivables was determines after considering th standard terms and conditions of agreements entered into between the municipality and National / Provincial departments as well as sundry receivables. The current payment ratio's of sundry receivables were also taken into account for fair value determination.

7. VAT receivable

VAT	840,913	89,391	597,204	89,391

The municipality is registered for VAT on the cash basis. VAT owed by SARS amounts to R840 913. The carrying value amount of VAT receivable approximate fair value due to its short nature.

8. Property, plant and equipment

Economic entity	2015			2014		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	2,870,000	-	2,870,000	2,870,000	-	2,870,000
Buildings	73,137,462	(15,188,485)	57,948,977	73,139,926	(12,717,647)	60,422,279
Plant and machinery	576,933	(483,718)	93,215	719,620	(530,591)	189,029
Furniture and fixtures	6,122,425	(5,014,459)	1,107,966	4,100,028	(2,009,561)	2,090,467
Motor vehicles	1,921,138	(134,848)	1,786,290	1,836,551	(261,086)	1,575,465
Office equipment	6,253,500	(4,467,686)	1,785,814	6,522,305	(3,721,397)	2,800,908
IT equipment	71,017	(35,346)	35,671	32,868	(22,691)	10,177
Other property, plant and equipment	250,148	524,665	774,813	247,137	(156,620)	90,517
Minor plant	354,053	(191,508)	162,545	352,777	(183,855)	168,922
Total	**91,556,676**	**(24,991,385)**	**66,565,291**	**89,821,212**	**(19,603,448)**	**70,217,764**

8. Property, plant and equipment (continued)

Controlling entity	2015			2014		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	2,870,000	-	2,870,000	2,870,000	-	2,870,000
Buildings	73,137,462	(15,188,485)	57,948,977	73,139,926	(12,717,647)	60,422,279
Plant and machinery	576,933	(483,718)	93,215	719,620	(530,591)	189,029
Furniture and fixtures	5,976,373	(4,868,427)	1,107,946	3,953,976	(1,863,530)	2,090,446
Motor vehicles	1,921,138	(134,848)	1,786,290	1,836,551	(261,086)	1,575,465
Office equipment	6,148,233	(4,423,681)	1,724,552	6,431,806	(3,689,555)	2,742,251
Other property, plant and equipment	250,148	524,665	774,813	247,137	(156,620)	90,517
Minor plant	354,053	(191,508)	162,545	352,777	(183,855)	168,922
Total	**91,234,340**	**(24,766,002)**	**66,468,338**	**89,551,793**	**(19,402,884)**	**70,148,909**

Reconciliation of property, plant and equipment - Economic entity - 2015

	Opening balance	**Additions**	**Disposals**	**Depreciation on disposal**	**Other changes, movements**	**Depreciation**	**Total**
Land	2,870,000	-	-	-	-	-	2,870,00
Buildings	60,422,279	-	-	-	(37,027)	(2,436,275)	57,948,97
Plant and machinery	189,029	7,554	(142,387)	125,836	-	(86,817)	93,21
Furniture and fixtures	2,090,467	179,994	(144,589)	107,484	-	(1,125,390)	1,107,96
Motor vehicles	1,575,465	241,506	(156,919)	254,247	-	(128,009)	1,786,29
Office equipment	2,800,908	280,177	(542,150)	453,501	(4,998)	(1,201,624)	1,785,81
IT equipment	10,177	38,148	-	-	-	(12,654)	35,67
Other property, plant and equipment	90,517	656	(9,441)	7,899	722,097	(36,915)	774,81
Emergency equipment	168,922	1,286	-	-	-	(7,663)	162,54
	70,217,764	**749,321**	**(995,486)**	**948,967**	**680,072**	**(5,035,347)**	**66,565,29**

Reconciliation of property, plant and equipment - Economic entity - 2014

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	2,870,000	-	-	-	2,870,000
Buildings	62,750,801	-	-	(2,328,522)	60,422,279
Plant and machinery	311,869	6,946	(1,322)	(128,464)	189,029
Furniture and fixtures	2,750,438	51,000	(9,764)	(701,207)	2,090,467
Motor vehicles	905,021	1,197,481	(434,224)	(92,813)	1,575,465
Office equipment	3,453,814	703,088	(36,347)	(1,319,647)	2,800,908
IT equipment	7,435	11,500	-	(8,758)	10,177
Other property, plant and equipment	323,115	262,715	-	(495,313)	90,517
Emergency equipment	201,616	-	-	(32,694)	168,922
	73,574,109	**2,232,730**	**(481,657)**	**(5,107,418)**	**70,217,764**

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2015

	Opening balance	Additions	Disposals	Depreciation on disposals	Other changes, movements	Depreciation	Total
Land	2,870,000	-	-	-	-	-	2,870,00
Buildings	60,422,279	-	-	-	(37,027)	(2,436,275)	57,948,97
Plant and machinery	189,029	7,554	(142,387)	125,836	-	(86,817)	93,21
Furniture and fixtures	2,090,446	179,994	(144,589)	107,484	-	(1,125,389)	1,107,94
Motor vehicles	1,575,464	241,506	(156,919)	254,248	-	(128,009)	1,786,29
Office equipment	2,742,251	265,410	(542,150)	453,500	(4,998)	(1,189,461)	1,724,55
Other property, plant and equipment	90,517	656	(9,441)	7,899	722,097	(36,915)	774,81
Emergency equipment	168,922	1,286	-	-	-	(7,663)	162,54
	70,148,908	**696,406**	**(995,486)**	**948,967**	**680,072**	**(5,010,529)**	**66,468,33**

Reconciliation of property, plant and equipment - Controlling entity - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2,870,000	-	-	-	2,870,000
Buildings	62,750,801	-	-	(2,328,522)	60,422,279
Plant and machinery	311,869	6,946	(1,322)	(128,464)	189,029
Furniture and fixtures	2,749,438	50,255	(9,764)	(699,483)	2,090,446
Motor vehicles	905,020	1,197,481	(434,224)	(92,813)	1,575,464
Office equipment	3,405,869	682,084	(36,347)	(1,309,355)	2,742,251
Other property, plant and equipment	323,115	262,715	-	(495,313)	90,517
Emergency equipment	201,616	-	-	(32,694)	168,922
	73,517,728	**2,199,481**	**(481,657)**	**(5,086,644)**	**70,148,908**

Pledged as security

None of the assets are pledged as security.

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

9. Intangible assets

Economic entity	2015			2014		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	6,847,026	(6,476,097)	370,929	6,594,620	(4,983,823)	1,610,797

9. Intangible assets (continued)

Controlling entity	2015			2014		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	6,797,532	(6,445,675)	351,857	6,567,339	(4,956,902)	1,610,437

Reconciliation of intangible assets - Economic entity - 2015

	Opening balance	**Additions**	**Disposals**	**Amortisation on disposals**	**Amortisation**	**Total**
Computer software, other	1,610,797	255,598	(3,193)	1,210	(1,493,483)	370,929

Reconciliation of intangible assets - Economic entity - 2014

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	3,027,432	154,824	(1,571,459)	1,610,797

Reconciliation of intangible assets - Controlling entity - 2015

	Opening balance	**Additions**	**Disposals**	**Transfers received**	**Amortisation**	**Total**
Computer software, other	1,610,437	233,385	(3,193)	1,210	(1,489,982)	351,857

Reconciliation of intangible assets - Controlling entity - 2014

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	3,020,182	154,824	(1,564,569)	1,610,437

Pledged as security

None of the intangible assets are pledged as security.

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

10. Investments in controlled entities

Name of company	**Held by**	**% holding 2015**	**% holding 2014**	**Carrying amount 2015**	**Carrying amount 2014**
Lejwe Le Putswa Development Agency SOC Ltd	Lejweleputswa District Municipality	100.00 %	100.00 %	100	100

The carrying amounts of controlled entities are shown net of impairment losses.

Controlled entities pledged as security

The investment by the controlled entity was not pledged as security.

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

11. Payables from exchange transactions

Trade payables	1,500,491	1,655,084	1,500,489	1,655,091
Accrued leave pay	5,003,225	4,257,667	4,886,234	4,202,293
Accrued expenses	2,248	1,240	-	-
Accrued bonus	1,150,772	1,096,285	1,150,772	1,096,285
Retention crediors	149,124	184,249	149,124	184,249
	7,805,860	**7,194,525**	**7,686,619**	**7,137,918**

12. Other financial liabilities

At amortised cost				
DBSA loan (61003236)	1,977,352	2,191,331	1,977,352	2,191,331
DBSA loan (61003237)	1,515,266	1,679,239	1,515,266	1,679,239
DBSA loan (61004020)	(20)	(20)	(20)	(20)
DBSA loan (61001256)	240,651	289,883	240,651	289,883
DBSA loan (61001257)	55,751	69,584	55,751	69,584
DBSA loan (61001258)	287,041	358,257	287,041	358,257
DBSA loan (61001259)	616,422	742,529	616,422	742,529
DBSA loan (61001299)	1,469,847	1,834,524	1,469,847	1,834,524
DBSA loan (61003159)	6,950,776	7,794,775	6,950,776	7,794,775
	13,113,086	**14,960,102**	**13,113,086**	**14,960,102**
Total other financial liabilities	**13,113,086**	**14,960,102**	**13,113,086**	**14,960,102**

These loans are from the Development Bank of South Africa and repayments are made on a six monthly basis. The last loan will be redeemed on 31 December 2020 and the loans bear interest between 10% and 16,5%.

The municipality did not default on any of the other financial liabilities, whether it be on the capital or the interest portions, and none of the terms attached to the other financial liabilities were renegotiated.

Non-current liabilities				
At amortised cost	10,967,222	13,113,088	10,967,222	13,113,088
Current liabilities				
At amortised cost	2,145,864	1,847,014	2,145,864	1,847,014

13. VAT payable

VAT payables	-	2,441,904	-	-

Refer to statement of changes in net assets for amount written of by SARS during the 2015 financial year.

In terms of the 2013/2014 financial year's the registration status, the controlled entity was liable to pay output VAT on grants received however management was of the opinion that the grants should be exempted from VAT and therefor lodged a dispute against the registration status with SARS through consultants. The dispute was resolved in favour of the entity in 2015.

Notes to the Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

14. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

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

The most recent actuarial valuations of plan assets, and the present value of the defined benefit obligation were carried out at 30 June 2015 by ZAQEN Consultants and Actuaries. The present value of the defines benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality make monthly contributionsnfor health care arrangements to the following medical aid schemes:

*Bonitas
*Hosmed
*Keyhealth
*LA Health
*Samwumed

The members of the post-employement health care benefit plan are made up as follow:

In service members (employees)	97	97	97	97
In service members (employees - non-members	9	13	9	13
Continuation members (retirees, widowers and orphans)	2	1	2	1
	108	**111**	**108**	**111**

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

Opening balance	7,588,000	5,604,960	7,588,000	5,604,960
Current service cost	854,000	637,084	854,000	637,084
Interest	727,000	547,041	727,000	547,041
Actuarial (gain) / losses	(39,000)	829,915	(39,000)	829,915
Benefits paid by the plan	(48,000)	(31,000)	(48,000)	(31,000)
	9,082,000	**7,588,000**	**9,082,000**	**7,588,000**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.09 %	9.09 %	9.09 %	9.09 %
Consumer pricce inflation	7.19 %	7.19 %	7.19 %	7.19 %
Health care cost inflation	8.19 %	8.19 %	8.19 %	8.19 %
Net discount rate	0.83 %	0.83 %	0.83 %	0.83 %

Notes to the Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

14. Employee benefit obligations (continued)

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Employer benefit liability	9,250,000	8,846,000	9,250,000	8,846,000
Employer service cost	875,000	837,000	875,000	837,000
Employer interest cost	876,000	838,000	876,000	838,000

Long service awards

The most recent actuarial valuations of plan assets, and the present value of the defined benefit obligation were carried out at 30 June 2015 by ZAQEN Consultants and Actuaries. The present value of the defines benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The expected value of each employee's long service award is projeected to the next interval by allowaing for future salary growth.

Long service benefits are awarded in th form of leave days and a percentage of salary. We have converted th eawarded leave days into a percentage of the employee's annual salary. The conversion is basd on a 250 working day year.

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

Carrying value				
Present value of long service awards obligation	3,498,000	3,217,000	3,498,000	3,217,000

Changes in the present value of the long service award obligation are as follows:

Opening balance	3,217,000	1,822,212	3,217,000	1,822,212
Benefits paid	(341,000)	(269,000)	(341,000)	(269,000)
Net expense recognised	622,000	1,663,788	622,000	1,663,788
	3,498,000	**3,217,000**	**3,498,000**	**3,217,000**

Net expense of the long service awards obligation recognised in the statement of financial performance:

Current service cost	377,000	289,980	377,000	289,980
Interest cost	264,000	126,473	264,000	126,473
Actuarial (gain) / losses	(19,000)	1,247,335	(19,000)	1,247,335
	622,000	**1,663,788**	**622,000**	**1,663,788**

Key assumption used:

Assumptions used at the reporting date:				
Discount rates used	8.06 %	8.06 %	8.06 %	8.06 %
Consumer price inflation	6.37 %	6.37 %	6.37 %	6.37 %
Salary increase rate	7.37 %	7.37 %	7.37 %	7.37 %
Net discount rate	0.64 %	0.64 %	0.64 %	0.64 %

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Industrial Development Corporation	-	2,638,314	-	-

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

15. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	2,638,314	2,685,816	-	-
Additions during the year	2,800,000	2,919,730	-	-
Income recognition during the year	(5,438,314)	(2,967,232)	-	-
	-	**2,638,314**	**-**	**-**

See note for reconciliation of grants from National Government.

16. Provisions

Reconciliation of provisions - Economic entity - 2015

	Opening Balance	Movement	Total
Other provisions	842,307	(306,270)	536,037

Reconciliation of provisions - Economic entity - 2014

	Opening Balance	Additions	Total
Other provisions	381,341	460,966	842,307

Reconciliation of provisions - Controlling entity - 2015

	Opening Balance	Movement	Total
Other provisions	842,307	(306,270)	536,037

Reconciliation of provisions - Controlling entity - 2014

	Opening Balance	Additions	Total
Other provisions	381,341	460,966	842,307

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

17. Share capital

Issued				
Ordinary	100	100	-	-

Notes to the Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

18. Revenue

Interest received (trading)	734,280	1,141,575	734,280	1,141,575
Other income	230,940	1,123,900	230,940	1,123,900
Interest received - investment	3,873,193	3,010,559	3,741,895	2,824,496
Government grants & subsidies	114,144,314	105,241,415	108,706,000	103,760,000
	118,982,727	**110,517,449**	**113,413,115**	**108,849,971**

The amount included in revenue arising from exchanges of goods or services are as follows:				
Interest received (trading)	734,280	1,141,575	734,280	1,141,575
Other income	230,940	1,123,900	230,940	1,123,900
Interest received - investment	3,873,193	3,010,559	3,741,895	2,824,496
	4,838,413	**5,276,034**	**4,707,115**	**5,089,971**

The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Transfer revenue				
Government grants & subsidies	114,144,314	105,241,415	108,706,000	103,760,000

19. Other income

Other income	230,940	1,123,900	230,940	1,123,900

20. Investment revenue

Interest revenue				
Bank	131,298	186,063	-	-
Interest received - investment	3,741,895	2,824,496	3,741,895	2,824,496
	3,873,193	**3,010,559**	**3,741,895**	**2,824,496**

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

21. Government grants and subsidies

Operating grants

Equitable share	26,260,000	24,657,562	26,260,000	24,657,562
Industrial Development Corporation Grant	5,438,314	1,481,415	-	-
Financial Management Grant	1,250,000	1,250,000	1,250,000	1,250,000
Expanded Public Works Programme	-	1,000,000	-	1,000,000
Municipal Systems Improvement Grant	934,000	890,000	934,000	890,000
Levy Replacement (Transitional) Grant	78,487,000	75,962,438	78,487,000	75,962,438
Rural Roads Asset Management Systems Grant	1,775,000	-	1,775,000	-
	114,144,314	**105,241,415**	**108,706,000**	**103,760,000**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	14,835,628	5,102,830	3,959,000	2,140,000
Unconditional grants received	99,308,686	100,138,585	104,747,000	101,620,000
	114,144,314	**105,241,415**	**108,706,000**	**103,760,000**

Equitable Share

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

Industrial Development Corporation Grant

Balance unspent at beginning of year	2,638,314	2,685,816	-	-
Current-year receipts	2,800,000	2,919,730	-	-
Conditions met - transferred to revenue	(5,438,314)	(2,967,232)	-	-
	-	**2,638,314**	**-**	**-**

Conditions still to be met - remain liabilities (see note 15).

The Industrial Development Corporation funded the establishment of Lejwe Le Putswa Development Agency and it operations, this includes salaries and projects. The grant received will assist the Agency in fulfilling its mandate to sustain the development of the district's economy.

Financial Management Grant

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

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

Expanded Public Works Programme

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

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

Municipal System Improvement Grant

Notes to the Financial Statements

Figures in Rand	Economic entity 2015	Economic entity 2014	Controlling entity 2015	Controlling entity 2014

21. Government grants and subsidies (continued)

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

Provide explanations of conditions still to be met and other relevant information.

Levy Replacement (Transitional) Grant

Current-year receipts	78,487,000	75,962,438	78,487,000	75,962,438
Conditions met - transferred to revenue	(78,487,000)	(75,962,438)	(78,487,000)	(75,962,438)
	-	-	-	-

The Levy Replcamanet (Transitional) Grant is an operational grant hich is used by the municipality on its own discretion, which is mainly to fund its operational activities.

Rural Roads Asset Management Systems Grant

Current-year receipts	1,775,000	-	1,775,000	-
Conditions met - transferred to revenue	(1,775,000)	-	(1,775,000)	-
	-	-	-	-

Notes to the Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

22. Employee related costs

Basic	33,965,300	32,174,233	32,574,972	31,053,997
Bonus	2,769,292	3,192,277	2,769,292	3,192,277
Medical aid - company contributions	3,255,372	2,994,492	3,139,914	2,907,242
UIF	227,054	225,759	210,620	210,283
WCA	337,747	745,862	337,747	745,862
SDL	18,821	14,754	-	-
Leave pay provision charge	2,574,858	2,268,990	2,500,679	2,249,858
Severance package	1,209,615	-	1,209,615	-
Defined contribution plans	2,149,687	3,611,653	2,149,687	3,611,653
Overtime payments	232,034	187,962	232,034	187,962
Travel allowance	5,298,689	5,281,735	5,298,689	5,281,735
Housing benefits and allowances	276,402	327,386	276,402	327,386
Cell phone allowance	246,297	234,618	196,798	234,618
Contributions to Pension and Provident funds	5,809,119	5,554,787	5,809,119	5,554,787
Other # 6	425,380	402,741	-	-
Standby allowance	143,863	165,000	143,863	165,000
Group life insurance	693,053	755,332	540,866	516,523
	59,632,583	**58,137,581**	**57,390,297**	**56,239,183**

Reconciliation of employee related cost	2015	2014	2015	
Salaried staff	57,390,297	56,239,183	57,390,297	56,23
Municipal Manager	1,346,903	1,265,565	1,346,903	1,26
Chief Finance Officer	1,073,941	920,767	1,073,941	92
Manager LED	941,056	863,359	941,056	86
Manager corporate services	844,511	581,399	844,511	58
Manager environmental health and disaster management	941,056	869,916	941,056	86
Chief Executive Officer - Lejwe Le Putswa Development Agency	373,661	480,435	-	
Project Manager - Lejwe Le Putswa Development Agency	655,210	443,444	-	
Finance Manager - Lejwe Le Putswa Development Agency	149,255	-	-	
Board members - Lejwe Le Putswa Development Agency	158,187	256,597	-	
Salaried staff - Lejwe Le Putswa Development Agency	905,973	717,922	-	
	64,780,050	**62,638,587**	**62,537,764**	**60,74**

Remuneration of municipal manager

Annual Remuneration	777,773	737,739	777,773	737,739
Car Allowance	218,281	202,134	218,281	202,134
Bonus - 13th cheque	63,905	61,478	63,905	61,478
Contributions to UIF, Medical and Pension Funds	151,420	144,214	151,420	144,214
Cell phone allowance	36,000	36,000	36,000	36,000
Housing allowance	84,000	84,000	84,000	84,000
Acting allowance - Mr Mahlanyane	15,524	-	15,524	-
	1,346,903	**1,265,565**	**1,346,903**	**1,265,565**

Mr Mahlanyane was acting for the month of June 2015.

Remuneration of chief finance officer

Annual Remuneration	665,671	546,040	665,671	546,040
Car Allowance	148,248	119,249	148,248	119,249
Bonus - 13th cheque	14,379	33,332	14,379	33,332

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

22. Employee related costs (continued)

Contributions to UIF, Medical and Pension Funds	155,643	139,275	155,643	139,275
Cell phone allowance	30,000	19,800	30,000	19,800
Housing allowance	60,000	60,000	60,000	60,000
Acting allowance - Me Gqoli	-	3,071	-	3,071
	1,073,941	**920,767**	**1,073,941**	**920,767**

Me Gqoli was acting for the month of December 2013.

Remuneration of LED manager

Annual Remuneration	555,409	515,712	555,409	515,712
Car Allowance	120,000	120,000	120,000	120,000
Bonus - 13th cheque	43,658	33,705	43,658	33,705
Contributions to UIF, Medical and Pension Funds	134,058	124,129	134,058	124,129
Cell phone allowance	18,000	9,000	18,000	9,000
Housing allowance	69,931	56,704	69,931	56,704
Acting allowance - Mr Skele	-	4,109	-	4,109
	941,056	**863,359**	**941,056**	**863,359**

Mr Skele was acting for the month August 2013.

Corporate and human resources (corporate services)

Annual Remuneration	496,744	360,000	496,744	360,000
Car Allowance	148,440	108,655	148,440	108,655
Bonus - 13th cheque	40,000	-	40,000	-
Contributions to UIF, Medical and Pension Funds	141,327	101,344	141,327	101,344
Cell phone allowance	18,000	11,400	18,000	11,400
	844,511	**581,399**	**844,511**	**581,399**

Remuneration of Enviromental Health and Disaster Management manager

Annual Remuneration	555,409	515,712	555,409	515,712
Car Allowance	118,425	103,452	118,425	103,452
Bonus - 13th cheque	43,658	40,372	43,658	40,372
Contributions to UIF, Medical and Pension Funds	145,564	137,380	145,564	137,380
Cell phone allowance	18,000	13,000	18,000	13,000
Housing allowance	60,000	60,000	60,000	60,000
	941,056	**869,916**	**941,056**	**869,916**

23. Remuneration of councillors

Executive Mayor	632,328	846,004	632,328	846,004
Mayoral Committee Members	4,033,481	3,983,412	4,033,481	3,983,412
Speaker	725,568	437,421	725,568	437,421
Councillors	3,902,134	3,446,597	3,902,134	3,446,597
	9,293,511	**8,713,434**	**9,293,511**	**8,713,434**

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

23. Remuneration of councillors (continued)

Executive mayor	Basic	Travel allowance	Cell phone allowance	Pension and Meidcal Aid	SDL	Total
Cllr Speelman	490,093	48,089	15,714	73,514	4,918	632,328
Total	490,093	48,089	15,714	73,514	4,918	632,328

Speaker	Basic	Travel allowance	Cell phone allowance	Pension and Medical Aid	SDL	Total
Cllr Olifant	560,105	54,959	20,868	84,016	5,620	725,568
Total	560,105	54,959	20,868	84,016	5,620	725,568

Mayoral committee members	Basic	Travel allowance	Cell phone allowance	Pension and Medical Aid	SDL	Total
7 members	2,443,296	980,732	83,472	494,014	31,967	4,033,481
Total	2,443,296	980,732	83,472	494,014	31,967	4,033,481

Part time councillors	Basic	Travel allowance	Cell phone allowance	Pension and Medical Aid	SDL	Total
17 members	1,966,665	801,809	269,368	428,348	25,759	3,491,949
Session allowances	410,185	-	-	-	-	410,185
Total	2,376,850	801,809	269,368	428,348	25,759	3,902,134

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.

The Executive Mayor has two full-time bodyguards.

24. Transfers to local municipalities

Expenditure during the financial year	1,048,505	1,563,049	1,048,505	563,049

The municipality paid loan repayments on behalf of local municipalities during the year.

25. Depreciation and amortisation

Property, plant and equipment	6,533,430	6,677,704	6,505,111	6,651,214

Notes to the Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014
26. Impairment of assets				
Impairments				
Property, plant and equipment	2,500	-	2,500	-
Impairment was due to the donation of obselete assets.				
Receivables from non-exhange transactions	-	(2,911,381)	-	(2,911,381)
Trade and other receivables	1,064,824	-	1,064,824	-
Impairment of non recoverable long outsanding debtors				
	1,067,324	**(2,911,381)**	**1,067,324**	**(2,911,381)**
27. Finance costs				
Non-current borrowings	2,320,928	2,582,857	2,320,928	2,582,857
28. Repairs and maintenance				
Repairs and maintenance	476,058	406,696	464,512	404,943
29. Consulting and professional fees				
Legal services	235,341	361,665	235,341	361,665
Consulting fees	623,320	1,287,079	623,320	1,287,079
	858,661	**1,648,744**	**858,661**	**1,648,744**

Notes to the Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

30. General expenses

Accounting fees	23,250	90,988	-	-
Advertising	267,086	221,873	136,528	159,620
Arts and culture	129,601	246,962	129,601	246,962
Audit committee	139,424	169,010	113,312	157,508
Auditors remuneration	2,359,972	2,064,398	2,182,603	2,015,513
Bank charges	76,298	64,699	67,083	57,853
Branding of the municipality	454,843	254,766	54,649	237,716
Bursaries	1,871,571	1,265,492	1,807,393	1,265,492
Campaigns	1,227,211	871,659	1,227,211	871,659
Capacity development programme	934,000	855,473	934,000	855,473
Children's programme	65,210	28,995	65,210	28,995
Cleaning	95,205	23,910	91,728	21,010
Co-operative development	22,344	810,000	22,344	810,000
Consumables	26,346	60,895	26,346	60,895
Educational project	370,658	760,906	370,658	760,906
Electricity	393,980	333,681	393,980	333,681
Entertainment	367,399	273,073	367,399	269,916
Enviromental development	125,018	178,442	125,018	178,442
Expanded Public Works Programme	1,546,173	784,240	1,546,173	784,240
Festivals	750,000	2,195,514	750,000	2,195,514
Financial Management Reforms	1,323,205	1,234,110	1,322,216	1,234,110
Fines and penalties	4,432	48,440	-	-
Fuel and oil	400,535	322,268	400,535	322,268
Gender disability	43,435	292,300	43,435	292,300
Grant in aid	494,939	936,570	151,999	592,058
Insurance	146,627	152,559	141,527	147,459
Internet expenses	350,466	327,576	350,466	327,576
LED Development	266,984	88,464	266,984	88,464
Lease payments	232,448	231,639	232,448	231,639
License fees	359,804	361,425	359,804	361,425
Magazines, books and periodicals	1,649	1,528	1,649	1,528
Marketing	100,693	35,365	-	-
Membership fees	564,660	508,194	564,660	508,194
Moral regeneration	129,915	146,390	129,915	146,390
National Freedom Day	-	455,224	-	455,224
OR Tambo games	484,228	661,260	484,228	661,260
Other expenses	137,566	574,762	133,627	562,854
Postage and courier	338	416	-	-
Poverty allevation	383,050	500,000	383,050	500,000
Printing and stationery	518,095	441,278	506,571	429,239
Productions	82,000	-	-	-
Programmes	428,646	154,685	428,646	154,685
Property rates	66,799	52,820	66,799	52,820
Refuse	10,498	10,071	10,498	10,071
Rental expense	133,449	132,323	-	-
Research and development costs	6,603,438	1,014,460	1,587,498	-
SMME	40,930	398,092	40,930	398,092
Security (Guarding of municipal property)	30,546	25,866	30,546	25,866
Sewerage and waste disposal	1,470	697	1,470	697
Skills development levy	470,434	453,671	460,034	436,181
Staff welfare	611,380	168,986	586,235	164,012
Subscriptions and membership fees	28,601	27,089	28,601	27,089
Telephone and fax	651,974	551,610	609,915	521,244
Tourism development	-	600,000	-	600,000
Training	1,963,000	1,854,068	1,903,551	1,786,030
Travel - overseas	714,965	-	714,965	-
Travelling	545,554	406,093	315,842	240,844
Uniforms	30,831	29,025	30,831	29,025

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

30. General expenses (continued)

VAT shortfall - condition IDC	-	358,568	-	-
Youth development	186,241	241,775	186,241	241,775
	29,789,414	**25,354,643**	**22,886,952**	**22,861,814**

31. Auditors' remuneration

Fees	2,359,972	2,064,398	2,182,603	2,015,513

32. Cash generated from operations

Surplus	2,538,337	3,054,240	3,692,458	3,613,250
Adjustments for:				
Depreciation and amortisation	6,533,430	6,677,704	6,505,111	6,651,214
Loss on sale of assets	237,389	481,657	237,389	481,858
Impairment loss (reversal)	1,067,324	(2,911,381)	1,067,324	(2,911,381)
Movements in retirement benefit assets and liabilities	1,494,000	3,377,828	1,494,000	3,377,828
Movements in provisions	(306,270)	460,967	(306,270)	460,967
Non-cash journals	1,590,263	(3,010,154)	780,240	(3,164,978)
Changes in working capital:				
Receivables from exchange transactions	27,841	(5,741)	-	-
Other receivables from non-exchange transactions	(452,525)	5,932,831	(452,525)	3,604,276
Payables from exchange transactions	611,333	552,370	548,708	678,610
VAT	(3,193,426)	907,421	(507,813)	(84,641)
Unspent conditional grants and receipts	(2,638,314)	1,438,314	-	-
	7,509,382	**16,956,056**	**13,058,622**	**12,707,003**

33. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2015

Financial assets

	At amortised cost	Total
Other financial assets	40,366,752	40,366,752
Trade and other receivables from exchange transactions	7,296	7,296
Other receivables from non-exchange transactions	247,262	247,262
Cash and cash equivalents	18,513,443	18,513,443
	59,134,753	**59,134,753**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	13,113,086	13,113,086
Trade and other payables from exchange transactions	7,805,857	7,805,857
	20,918,943	**20,918,943**

Economic entity - 2014

Financial assets

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

. Financial instruments disclosure (continued)

	At amortised cost	Total
Other financial assets	30,284,902	30,284,902
Trade and other receivables from exchange transactions	35,137	35,137
Other receivables from non-exchange transactions	859,561	859,561
Cash and cash equivalents	22,895,556	22,895,556
	54,075,156	**54,075,156**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	14,960,102	14,960,102
Trade and other payables from exchange transactions	7,194,525	7,194,525
Unspent conditional grants	2,638,314	2,638,314
	24,792,941	**24,792,941**

Controlling entity - 2015

Financial assets

	At amortised cost	Total
Other financial assets	40,366,752	40,366,752
Other receivables from non-exchange transactions	247,262	247,262
Cash and cash equivalents	18,069,343	18,069,343
	58,683,357	**58,683,357**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	13,113,086	13,113,086
Trade and other payables from exchange transactions	768,618	768,618
	13,881,704	**13,881,704**

Controlling entity - 2014

Financial assets

	At amortised cost	Total
Other financial assets	30,284,902	30,284,902
Other receivables from non-exchange transactions	859,561	859,561
Cash and cash equivalents	18,464,437	18,464,437
	49,608,900	**49,608,900**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	14,960,102	14,960,102
Trade and other payables from exchange transactions	7,137,911	7,137,911
	22,098,013	**22,098,013**

Figures in Rand	Economic entity 2015	Economic entity 2014	Controlling entity 2015	Controlling entity 2014

. Financial instruments disclosure (continued)

34. Commitments

Authorised operational expenditure

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due				
- within one year	282,185	263,651	282,185	263,651
- in second to fifth year inclusive	297,805	43,942	297,805	43,942
	579,990	**307,593**	**579,990**	**307,593**

It is the contolling entity' policy to lease certain office equipment under operating leases. the lease term is 3 years at an annual rental. the lease will expire in August 2015.

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

35. Contingencies

Ex- Municipal manager claiming benefits	-	114,383	-	114,383
Current employee declared a dispute	-	62,494	-	62,494
	-	**176,877**	-	**176,877**

An ex-employee declared a dispute for pension fund contributions for five years. The case is still ongoing and no amount could be determined at year end. (2015)

The ex-municipal manager claimed termination benefits of the contract prior to its expiry date to the value of R114,383. (2014)

Current employee declared a dispute on the post level. (2014)

36. Related parties

Relationships

Controlling entity	Lejweleputswa District Municipality
Controlled entities	Refer to note 10
Members of key management	Refer to note 22

Related party balances

	Controlling entity 2015	Controlling entity 2014
Investments		
Investments in subsidiary	100	100
Transfers		
Lejwe Le Putswa Development Agency SOC Ltd	2,500,000	2,500,000
Purchases from related parties		
Fair weather Trading	-	29,000

Notes to the Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

37. Prior period errors

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

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

1. Property, Plant and Equipment restated.
The asset report from prior year did not agree to the annual financial statements of 2014.

2. Property, Palnt and Equipment restated.
Alignment of the annual financial statements to the fixed asset register.

3. VAT receivable restated.
Trade payables were overstated and VAT receicable understated and subsequently restated.

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

Statement of financial position				
Property, plant and equipment	-	13,831	-	13,831
VAT receivable	-	116,618	-	116,618
Trade payables from exchange transactions	-	(116,618)	-	(116,618)
Opening Accumulated Surplus or Deficit	-	(13,831)	-	(13,831)
Statement of Financial Performance				
Depreciation expense	-	(1,834)	-	(1,834)

38. Comparative figures

Certain comparative figures have been reclassified (refer to note 37) for details of the reclassification.
A reclassification was done on the ABSA call account. This was disclosed in the past as an investment and should have been disclosed as cash and cash equivalents.

39. Risk management

Financial risk management

The economic entity’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

39. Risk management (continued)

Liquidity risk

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

The table below analyses the economic entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Economic entity

At 30 June, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	214,584	10,967,222	-	-
Trade and other payables	7,805,857	-	-	-

At 30 June, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	1,847,293	1,026,641	12,086,467	-
Trade and other payables	7,151,712	42,812	-	-

Controlling entity

At 30 June, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	2,145,864	10,967,222	-	-
Trade and other payables	7,686,618	-	-	-

At 30 June, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	1,847,293	1,026,641	12,086,467	-
Trade and other payables	7,137,911	-	-	-

Credit risk

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

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management.

Cash and cash equivalents and investments - the econimic entity limits its credit risk relating to customers on an ongoing basis. If there is no independent rating, risk control assessess the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	Economic entity - 2015	Economic entity - 2014	Controlling entity - 2015	Controlling entity - 2014
Receivables	254,558	894,698	247,262	859,561
Cash and cash equivalents	18,113,443	22,895,556	18,069,343	18,464,437
Other financial assets	40,366,752	30,284,902	40,366,752	30,284,902

Market risk

Notes to the Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

39. Risk management (continued)

Interest rate risk

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

The risk is managed on an on-going basis.

40. Financial sustainability

We draw attention to the fact that the municipality reserves 98% of its income from grants.

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

41. Events after the reporting date

There was no events after the reporting date, which needs to be disclosed.

42. Unauthorised expenditure

Unauthorised expenditure	1,595,540	1,972,499	1,595,540	1,595,540
Condoned and approved by the board	-	(376,959)	-	-
	1,595,540	**1,595,540**	**1,595,540**	**1,595,540**

The condonement refers to Endurance Capital (PTY) Ltd appointed to compile annual report and performance framework without proviion in the budget.

43. Fruitless and wasteful expenditure

Opening balance	337,120	374,611	288,680	288,680
Current year expenditure	4,431	48,440	-	-
Consonded by board	(48,440)	(85,931)	-	-
	293,111	**337,120**	**288,680**	**288,680**

44. Irregular expenditure

Opening balance	35,061,963	31,243,921	35,061,963	31,243,921
Add: Irregular Expenditure - councillors remuneration	1,476,324	1,932,769	1,476,324	1,392,769
Add: Irregular expenditure - supply chain	278,258	3,870,368	278,258	3,818,042
Less: Amounts recoverable (not condoned)	(1,476,324)	(1,392,769)	(1,476,324)	(1,392,769)
Less: Condoned by board	-	(52,326)	-	-
	35,340,221	**35,601,963**	**35,340,221**	**35,061,963**

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	564,660	508,194	564,660	508,194
Amount paid - current year	564,660	(508,194)	564,660	(508,194)
	1,129,320	**-**	**1,129,320**	**-**

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

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

Audit fees

Current year subscription / fee	2,359,972	2,064,357	2,182,603	2,015,513
Amount paid - current year	(2,359,972)	(2,064,357)	(2,182,603)	(2,015,513)
	-	-	-	-

PAYE and UIF

Opening balance	1,095	-	-	-
Current year subscription / fee	11,945,686	11,992,982	11,474,293	11,520,000
Amount paid - current year	(11,946,938)	(11,991,887)	(11,474,293)	(11,520,000)
	(157)	**1,095**	**-**	**-**

Pension and Medical Aid Deductions

Current year subscription / fee	10,876,999	10,178,073	10,761,541	10,090,823
Amount paid - current year	(10,876,999)	(10,178,073)	(10,761,541)	(10,090,823)
	-	-	-	-

VAT

VAT receivable	840,913	89,391	597,204	89,391
VAT payable	-	2,441,904	-	-
	840,913	**2,531,295**	**597,204**	**89,391**

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

46. Deviation from supply chain management regulations

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

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

Deviations according to the 5 categories in paragraph 36	**Rand value (2015)**	**Number of transactions (2015)**
Emergency	135,271	2
Supplier from sole supplier	59,286	1
Other exceptional cases where it is impractial/impossible to follow the SCM process	83,701	4
	278,258	7

47. Budget differences

Material differences between budget and actual amounts

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

	Economic entity		Controlling entity	
Figures in Rand	2015	2014	2015	2014

47. Budget differences (continued)

Other income: commission charged on salaries third party payments.

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

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

Development coordinator: There was an amunt of R100 000 that was budgeted for a position that is vacant.

VAT shortfall: VAT shortfall was budgeted for and there was no shortfall in the current year.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to pages to in the annual report.

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Schedule of external loans as at 30 June 2010

	Loan Number	Redeemable	Balance at 30 June, 2014 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June, 2015 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Structured loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Funding facility								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Development Bank of South Africa								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June, 2014 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June, 2015 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Bonds							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Other loans							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Lease liability							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Annuity loans							
		-	-	-	-	-	-

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Schedule of external loans as at 30 June 2010

	Loan Number	Redeemable	Balance at 30 June, 2014 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June, 2015 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Government loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Total external loans								
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June, 2014 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June, 2015 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand

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Appendix B

Analysis of property, plant and equipment as at 30 June 2012

	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 (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Analysis of property, plant and equipment as at 30 June 2012

	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
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Analysis of property, plant and equipment as at 30 June 2012

	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Analysis of property, plant and equipment as at 30 June 2011

	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 (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Analysis of property, plant and equipment as at 30 June 2011

	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
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Lejweleputswa District Municipality
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Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Lejweleputswa District Municipality Consolidated
Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Development/Economic Development/Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity /Electricity Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other/Air Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Owned Entities														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Lejweleputswa District Municipality
Consolidated
Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

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
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
			Municipality			
-	-	-	Executive & Council/Mayor and Council	-	-	-
-	-	-	Finance & Admin/Finance	-	-	-
-	-	-	Planning and Development/Economic Development/Plan	-	-	-
-	-	-	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	-	-	-
-	-	-	Water/Water Distribution	-	-	-
-	-	-	Electricity /Electricity Distribution	-	-	-
-	-	-	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Municipal Owned Entities			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
-	-	-	Municipality	-	-	-
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Lejweleputswa District Municipality
Consolidated
Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**	**Total**	**-**	**-**	**-**

Lejweleputswa District Municipality Consolidated
Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2012 Act. Bal. Rand	Current year 2012 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	-	-	-	-	
Service charges	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	-	-	-	-	
Interest received (trading)	734,280	-	734,280	-	
Dividends received (trading)	-	-	-	-	
Agency services	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Licences and permits	-	-	-	-	
	-	-	-	-	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Financial instruments - Fee income	-	-	-	-	
Other income - (rollup)	230,940	-	230,940	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Other income 3	-	-	-	-	
Interest received - investment	3,873,193	-	3,873,193	-	
Interest received - other	-	-	-	-	
Dividends received	-	-	-	-	
	4,838,413	-	4,838,413	-	

Lejweleputswa District Municipality
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Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2012 Act. Bal.	Current year 2012 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Expenses					
Personnel	(64,780,049)	-	(64,780,049)	-	
Manufacturing - Employee costs	-	-	-	-	
Remuneration of councillors	(9,293,511)	-	(9,293,511)	-	
Administration	-	-	-	-	
Transfer payments	(1,048,505)	-	(1,048,505)	-	
Depreciation	(6,533,430)	-	(6,533,430)	-	
Impairment	-	-	-	-	
Amortisation	-	-	-	-	
Impairments	(1,067,324)	-	(1,067,324)	-	
Reversal of impairments	-	-	-	-	
Finance costs	(2,320,928)	-	(2,320,928)	-	
Bad debts written off	-	-	-	-	
Collection costs	(2,500,000)	-	(2,500,000)	-	
Repairs and maintenance - Manufacturing expenses	-	-	-	-	
Repairs and maintenance - General	(476,058)	-	(476,058)	-	
Repairs and maintenance - General	-	-	-	-	
Bulk purchases	-	-	-	-	
Contracted Services	(858,661)	-	(858,661)	-	
Transfers and Subsidies	-	-	-	-	
Cost of housing sold	-	-	-	-	
General Expenses	(29,828,537)	-	(29,828,537)	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
	(118,707,003)	-	(118,707,003)	-	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(237,389)	-	(237,389)	-	
Gain or loss on exchange differences	-	-	-	-	
Fair value adjustments	-	-	-	-	
Gains or losses on biological assets and agricultural produce	-	-	-	-	
Income from equity accounted investments	-	-	-	-	

Lejweleputswa District Municipality
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Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2012 Act. Bal.	Current year 2012 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-	
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	(237,389)	-	(237,389)	-	
Net surplus/ (deficit) for the year	(114,105,979)	-	(114,105,979)	-	

Lejweleputswa District Municipality Consolidated
Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2010

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	-	-	-	-	
Finance & Admin/Finance	-	-	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	
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	-	-	-	-	
Water/Water Distribution	-	-	-	-	
Electricity /Electricity Distribution	-	-	-	-	
Other/Air Transport	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	**-**	**-**	**-**	
Municipal Owned Entities					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	1,117	**-**	**(1,117)**	**-**	
Other charges					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	**-**	**-**	**-**	

Lejweleputswa District Municipality Consolidated
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

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