



BELA BELA LOCAL MUNICIPALITY  
Financial statements  
for the 2013 ended June 30, 2013

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## General Information

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<b>Legal form of entity</b>	Local municipality
<b>Council</b>	
Mayor	Hon. F.S Hlungwane
Councillors	Cllr P.M Mahlangu Cllr T.E Mokonyane Cllr R.M Radebe Cllr M.L Nhlapo Cllr G.M Seleka Cllr S.E Maluleka Cllr M.H Ledwaba Cllr M.J Ngobeni Cllr M.J Sesane Cllr W.K.R Mokgethoa Cllr J.W Fourie Cllr C Boshoff Cllr J.F. van der Merwe Cllr P.M Alphane Cllr K.B Alberts Cllr MM Mononyane
<b>Grading of local authority</b>	Medium capacity municipality
<b>Acting Chief Financial Officer (CFO)</b>	Mr. L. Matwalana
<b>Acting Municipal manager</b>	Mr. MM Maluleka
<b>Registered office</b>	58 Chris Hani Drive Bela Bela
<b>Business address</b>	Bela Bela Local Municipality Bela Bela 0480
<b>Postal address</b>	Bela Bela Local Municipality Private Bag X1609 Bela Bela 0480
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Auditor General of South Africa
<b>Published</b>	August 30, 2013

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
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)
PPP	Private Public Partnership

# **BELA BELA LOCAL MUNICIPALITY**

Financial Statements for the 2013 ended June 30, 2013

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the MFMA, 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.

I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 61, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. 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 he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the municipality sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the accounting officer 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 municipality's cash flow forecast for the 2013 to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has adequate resources to continue in operational existence for the foreseeable future.

The municipality is substantially dependent on the government for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Although the management is primarily responsible for the financial affairs of the municipality, they are supported by the independent consultants where relevant.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The financial statements set out on page 7 to 61, which have been prepared on the going concern basis, were approved by the accounting officer on August 30, 2013 and were signed on behalf of yhr municipality by:

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**Mr. MM Maluleka**  
**Acting Municipal Manager**

# **BELA BELA LOCAL MUNICIPALITY**

Financial Statements for the 2013 ended June 30, 2013

## **Accounting Officer's Report**

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The accounting officer submits his report for the 2013 ended June 30, 2013.

### **1. Review of activities**

#### **Main business and operations**

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements.

Net surplus/(deficit) of the municipality was (R 29,215,198),(2012: R 6 1 87437).

### **2. Going concern**

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.

### **3. Subsequent events**

The accounting officer is not aware of any matter or circumstance arising since the end of the financial 2013.

### **4. Submission of annual financial statements**

The financial statements were submitted 30 August 2013. The Municipality complied with the requirements of Section 126 of the Municipal Finance Management Act

### **5. Accounting policies**

The financial statements prepared in accordance with the Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### **6. Non-current assets**

Details of major changes in the nature of the non-current assets of the municipality during the 2013 are set out in the notes to the annual financial statements.

### **7. Corporate governance**

#### **The council**

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising:
  - full-time and part time councillors

#### **Fruitless and wasteful expenditure**

During the current financial year, payments to the value of R269 458 was regarded as the fruitless and wasteful expenditure. This was mainly due late payment of invoices to Magalies and Eskom

#### **Remuneration**

The remuneration of the Accounting Officer and section 56 managers are determined by the Council.

#### **Executive meetings**

Non-executive councillors have access to all members of management of the municipality.

# **BELA BELA LOCAL MUNICIPALITY**

Financial Statements for the 2013 ended June 30, 2013

## **Accounting Officer's Report**

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### **Audit Committee**

Mr. M.A. Mashego was the chairperson of the audit committee for the year.

In terms of Section 166 of the Municipal Finance Management Act, municipality, must appoint members of the Audit Committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committees who are not councillors of the municipality onto the audit committee.

### **Internal audit**

The municipality has an independent internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

The chief internal auditor is Mr.M.C. Kabe.

### **8. Bankers**

The municipality has its primary bank account with ABSA Bank Limited.

### **9. Auditors**

The municipality is audited by the Auditor General of South Africa.

### **10. Public Private Partnership**

In accordance with the PPP agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

- moneys deposited as excess surpluses;
- any foreign exchange rate amounts;
- any service credits; and
- any penalties for later service commence mental text.

During the financial period under review (30 June 2013), Bela Bela Local municipality did not enter into any Private Public Partnerships.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Statement of Financial Position as at June 30, 2013

Figures in Rand (R)	Note(s)	2013	Restated 2012
<b>Assets</b>			
Current Assets			
Inventories	2	100,449	90,490
Trade and other receivables from exchange transactions	3	1,774,397	1,609,093
Consumer debtors From Non Exchange Transactions		8,056,788	9,601,338
VAT receivable	47	-	84,618
Consumer debtors From Exchange transaction	4	5,618,531	12,185,521
Sundry Debtors		8,206,436	40,070,000
Agreements		790,286	-
Cash and cash equivalents	5	2,658,399	7,163,732
		<b>27,205,286</b>	<b>70,804,792</b>
Non-Current Assets			
Investment property	46	173,368,943	181,101,311
Property, plant and equipment	6	547,469,037	546,402,338
Intangible assets	7	2,086,675	2,137,539
Heritage assets	8	538,950	538,950
Other financial assets	9	-	27,249
Agreements		8,427,409	597,438
		<b>731,891,014</b>	<b>730,804,825</b>
<b>Total Assets</b>		<b>759,096,300</b>	<b>801,609,617</b>
<b>Liabilities</b>			
Current Liabilities			
Other Financial Liabilities	10	337,566	337,566
Trade and other payables from exchange transactions	11	38,429,306	56,280,967
VAT payable	12	513,842	-
Consumer deposits	15	3,495,335	3,350,507
Unspent conditional grants and receipts	13	257	5,404,307
Other provisions	14	7,739,235	8,407,217
Unknown deposits	45	872,010	612,002
Bank overdraft	5	110,160	15,295,920
		<b>51,497,711</b>	<b>89,688,486</b>
Non-Current Liabilities			
Other Financial Liabilities	10	11,137,001	11,474,567
Retirement benefit obligation	16	22,632,206	20,670,206
Other provisions	14	14,568,729	13,125,557
		<b>48,337,936</b>	<b>45,270,330</b>
<b>Total Liabilities</b>		<b>99,835,647</b>	<b>134,958,816</b>
<b>Net Assets</b>		<b>659,260,653</b>	<b>666,650,801</b>
Accumulated surplus		659,260,653	666,650,801

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Statement of Financial Performance

Figures in Rand (R)	Notes	2013	Restated 2012
<b>Revenue</b>			
Service charges	22	112,172,950	101,575,976
Rental of facilities and equipment		533,113	1,204,834
Licences and permits		11,529,074	8,540,490
Administration and management fees received		1,135,833	99,942
Fees earned		-	57
Commissions received		37,916	1,188,718
Demand charges		452,459	-
Rental income		15,632	-
Donation received		-	1,469,791
Other income		1,484,186	4,837,900
Other income: Co - funding		850,000	-
Town Planning Scheme		484,655	270,598
Interest received - investment		6,330,152	9,613,360
Property rates	21	42,378,149	37,396,597
Government grants & subsidies	23	50,833,185	52,363,743
Fines		4,055,795	1,197,109
<b>Total revenue</b>		<b>232,293,099</b>	<b>219,759,115</b>
<b>Expenditure</b>			
Personnel	25	(63,889,472)	(61,212,037)
Remuneration of councillors	26	(4,894,801)	(4,702,571)
Depreciation	28	(31,985,073)	(31,265,933)
Finance costs	20	(3,175,990)	(3,006,923)
Debt impairment	27	(34,770,337)	(12,370,238)
Repairs and maintenance		(8,632,301)	(11,082,436)
Bulk purchases	30	(60,018,986)	(55,149,742)
General Expenses	24	(47,167,123)	(43,898,843)
<b>Total expenditure</b>		<b>(254,534,083)</b>	<b>(222,688,723)</b>
<b>Operating deficit</b>		<b>(22,240,984)</b>	<b>(2,929,608)</b>
Loss on disposal of assets and liabilities		-	(105,117)
Fair value adjustments (Refer to note 13 and 15)	48	(7,732,368)	-
Actuarial Gain/(Loss)		758,154	(2,555,273)
		<b>(6,974,214)</b>	<b>(2,660,390)</b>
<b>Deficit for the 2013</b>		<b>(29,215,198)</b>	<b>(5,589,998)</b>
<b>Attributable to:</b>			
Municipality		(29,215,198)	(5,589,998)

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Statement of Changes in Net Assets

Figures in Rand (R)	Accumulated surplus	Total net assets
Opening balance as previously reported	1,364,062,161	1,364,062,161
Adjustments		
Prior year adjustments	(691,821,362)	(691,821,362)
<b>Balance at July 1, 2011 as restated</b>	<b>672,240,799</b>	<b>672,240,799</b>
Changes in net assets		
Surplus/(Deficit) for the year	(5,589,998)	(5,589,998)
Total changes	(5,589,998)	(5,589,998)
<b>Balance at July 1, 2012</b>	<b>666,650,801</b>	<b>666,650,801</b>
Changes in net assets		
Surplus (Deficit) for the year	(29,215,198)	(29,215,198)
Prior year adjustment	21,825,050	21,825,050
Total changes	(7,390,148)	(7,390,148)
<b>Balance at June 30, 2013</b>	<b>659,260,653</b>	<b>659,260,653</b>
Note(s)		

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Cash Flow Statement

Figures in Rand (R)	Note(s)	2013	Restated 2012
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		175,129,762	157,781,712
Grants		50,833,185	52,363,743
Interest income		6,330,152	134,160
		<u>232,293,099</u>	<u>210,279,615</u>
<b>Payments</b>			
Employee costs		(68,784,273)	(65,914,608)
Suppliers		(115,818,410)	(123,271,240)
Finance costs		(3,175,990)	(3,006,923)
		<u>(187,778,673)</u>	<u>(192,192,771)</u>
<b>Net cash flows from operating activities</b>	32	<b><u>44,514,426</u></b>	<b><u>18,086,844</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(34,943,005)	(11,647,838)
Proceeds from sale of property, plant and equipment	6	-	(105,117)
Purchase of other intangible assets	7	-	(1,941,249)
Proceeds from sale of financial assets		27,249	(63,035)
Actuarial Gain / (Loss)		758,154	(2,555,273)
Proceeds from sale of agreements		24,033,593	-
Short term portion of agreements		(790,286)	-
Other		-	419,665
<b>Net cash flows from investing activities</b>		<b><u>(10,914,295)</u></b>	<b><u>(15,892,847)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(337,566)	(4,046,395)
Movement in unknown deposit		260,008	612,002
<b>Net cash flows from financing activities</b>		<b><u>(77,558)</u></b>	<b><u>(3,434,393)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,680,427</b>	<b>(1,588,502)</b>
Cash and cash equivalents at the beginning of the year		(8,132,188)	(6,543,686)
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u>2,548,239</u></b>	<b><u>(8,132,188)</u></b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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### 1. Presentation of Financial Statements

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

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

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

#### 1.1 Significant judgements and estimates

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:

##### Trade receivables, loans and receivables

The municipality 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.

##### Available-for-sale financial assets

The municipality follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

##### Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### 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.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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### 1.1 Transfer of functions between entities under common control (continued)

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of 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 14 - 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

Payments to defined contribution and retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry managed state plans retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations will be performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds. The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-on-retirement, the surviving dependants may continue membership of the medical scheme. Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income. In service members will receive a post employment subsidy of 70% of the contribution payable. All continuation members receive a 70% subsidy. Widow(er)s and orphans of continuation members are entitled to receive this same subsidy after the death of the primary member. Upon a member's death-in-service, the surviving dependants do not receive a subsidy.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

#### Effective interest rate

The municipality used the prime interest rate of 18% to discount future cash flows. In the event that different rates were used, clear indication of the rate and the reasons are given.

#### 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 assessment is risk based.

### 1.2 Property, plant and equipment

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

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

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

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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

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 at no cost, or for a nominal cost, 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:

<b>Item</b>	<b>Average useful life</b>
Buildings	15-60 years
Leasehold property	5 years
Plant and machinery	4 - 5 years
Furniture and fixtures	5 years
Motor vehicles	5-10 years
Office equipment	5 years
IT equipment	3 years
Computer software	2 years
Infrastructure	
• Roads and Paving	5 -100 years
• Pedestrian Malls	20 - 30 years
• Electricity	10 - 60 years
• Water	10 - 80 years
• Sewerage	12 - 80 years

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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

#### Community

• Buildings	15 - 60 years
• Recreational Facilities	15 - 50 years
• Taxi ranks	10 - 40 years
• Stadiums	20 - 40 years
• Libraries	15 - 60 years
• Parks and gardens	10 - 50 years
• Other assets	7 - 20 years

Ancillary fleet equipment and security 15 years

Artwork 5 years

Other equipment 5 years

#### Asset found

• Land	indefinite
• Buildings	15 - 60 years

Communication equipment 10 - 15 years

#### Heritage

• Buildings	15 - 60 years
• Painting and airfacts	7 years

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

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 municipality are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the municipality.

### 1.3 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

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Financial Statements for the 2013 ended June 30, 2013

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### 1.3 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

### 1.4 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

### 1.5 Intangible assets

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

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### 1.5 Intangible assets (continued)

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

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

<b>Item</b>	<b>Useful life</b>
Computer software	2 years

Intangible assets are derecognised:

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

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

### 1.6 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

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Financial Statements for the 2013 ended June 30, 2013

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### 1.6 Financial instruments (continued)

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

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### 1.6 Financial instruments (continued)

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

#### Loans to (from) economic entities

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

#### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of provision account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

#### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Consumer deposits

Consumer deposits are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and

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### 1.6 Financial instruments (continued)

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

#### Derecognition

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

##### Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried 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 (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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### 1.7 Leases

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

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

#### Finance leases - lessee

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

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

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

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

#### Operating leases - 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.

### 1.8 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

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### 1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

### 1.10 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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

#### Value in use

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

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

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

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

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

### Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

### Discount rate

The discount rate 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 municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

### Cash-generating units

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

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

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and

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

- 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.

### Reversal of impairment loss

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

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

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

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.

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### 1.11 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

### 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 municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

### Reversal of an impairment loss

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

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

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

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

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

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.

### 1.12 Employee benefits

#### Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The cost of short-term employee benefits such as leave pay are recognised in the period in which the service is rendered. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made. The municipality provides retirement benefits for its employees and councillors and has both defined benefit and defined contribution post employment plans

#### Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Defined benefit plans

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

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Chanan Weiss, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

An actuarial valuation has been performed of the liability in respect of post-employment health care benefits to employees and retirees of Bela Bela Municipality and to their registered dependants. Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

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Financial Statements for the 2013 ended June 30, 2013

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### 1.12 Employee benefits (continued)

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

### 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.

### 1.13 Provisions

Provisions are recognised when:

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

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

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

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

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

Provisions are not recognised for future operating deficits.

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

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Financial Statements for the 2013 ended June 30, 2013

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### 1.13 Provisions (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 municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

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 municipality 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 municipality 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 municipality considers that an outflow of economic resources is probable, an municipality 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.

### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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### 1.13 Provisions (continued)

- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.10 and 1.11.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

### 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.

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.

#### Sale of goods

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

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

#### Rendering of services

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Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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### 1.14 Revenue from exchange transactions (continued)

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.15 Revenue from non-exchange transactions

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

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

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

### Measurement

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

### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

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

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

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Financial Statements for the 2013 ended June 30, 2013

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### 1.15 Revenue from non-exchange transactions (continued)

#### Fines

Revenue from the issuing of fines is recognised when:

- on actual receipt of the payment of fines to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

#### Levies

Levies are recognised as revenue 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.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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### 1.15 Revenue from non-exchange transactions (continued)

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.16 Investment income

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

### 1.17 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

### 1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current 2013.

### 1.19 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 2013 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.

### 1.20 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 2013 that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Irregular expenditure

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

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

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

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

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

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

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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### 1.21 Irregular expenditure (continued)

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

Irregular expenditure is 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.

### 1.22 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.23 Presentation of currency

These financial statements are presented in South African Rand.

### 1.24 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

### 1.25 Value Added Tax

The Municipality is registered as category C VAT vendor. The Municipality accounts for VAT on a cash basis as per Section 15 of the VAT Act. VAT receivable or payable is calculated on a monthly bases. VAT receivable is treated as current assets while VAT payable is treated as VAT current liability. Annual Financial Statements are prepared on the accrual basis of accounting.

### 1.26 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

#### Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the municipality has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with over investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the reporting date. Where securities are held for trading purposes, unrealised gains and losses are included in net surplus/(deficit) for the period. For available-for-sale investments, unrealised gains and losses are recognised directly in net assets, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the net surplus/(deficit) for the period.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

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### 1.27 Conditional grants and receipts

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

### 1.28 Investment Properties

Investment property includes property (land or a building, or part of a building, or either land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods and services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. The valuations are performed annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the Statement of Financial Performance as part of the surplus and deficit.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property and from property held for sale in the ordinary course of business:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- land held for a currently undetermined future use.
- a building owned and leased out under one or more operating leases
- leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.
- a building that is vacant but is held to be leased out under one or more operating leases.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

### 1.29 Commitments

Commitments consist of expenditure committed but not yet incurred. Commitments are categorised as follows

- Commitments approved and contracted for; and
- Commitments approved but not contracted for.

### 1.30 Budget information

Municipalities 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 municipality 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 4/1/2010 to 3/31/2011.

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.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Accounting Policies

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### 1.31 Related parties

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

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

Standards or Improvement effective for periods on or after 1 April 2013

- o GRAP 25 Employee Benefit
- o GRAP 27 Agriculture
- o GRAP 31 Intangible Asset
- o GRAP 16 Website Costs
- o GRAP 1 Applying the Probability Test on Initial Recognition of Revenue (Supersedes GRAG 1 issued in 2009)
- o

Standards Issued but not yet effective

- o GRAP 20 Related Party Disclosure
- o GRAP 105 Transfer of Functions between Entities under Common Control
- o GRAP 106 Transfer of Functions between Entities not under Common Control
- o GRAP 107 Mergers

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>2. Inventories</b>		
Water	100,449	90,490
The stores has been closed as per council resolution no: EC 101/201 dated 28 July 2010.		
<b>3. Trade and other receivables from exchange transactions</b>		
Trade debtors	-	1,475,422
Rental of Municipal Properties	74,880	17,730
WDM fire fighting	25,485	115,941
Accounts Receivable - Traffic Fines	1,674,032	-
	<b>1,774,397</b>	<b>1,609,093</b>
<b>4. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	55,492,983	40,747,278
Electricity	13,183,512	8,102,481
Water	18,739,339	14,915,428
Sewerage	4,857,745	4,158,814
Refuse	4,905,347	4,948,979
Other	33,722,807	31,369,957
	<b>130,901,733</b>	<b>104,242,937</b>
<b>Less: Allowance for impairment</b>		
Rates	(44,754,478)	(31,548,159)
Electricity	(9,971,132)	(5,268,123)
Water	(15,640,781)	(10,617,985)
Sewerage	(4,107,161)	(3,076,926)
Refuse	(4,080,768)	(3,561,333)
Other	(38,672,133)	(28,383,555)
	<b>(117,226,453)</b>	<b>(82,456,081)</b>
<b>Net balance</b>		
Rates	8,056,788	9,199,119
Electricity	2,410,156	2,834,359
Water	2,324,758	4,297,444
Sewerage	563,140	1,081,888
Refuse	618,658	1,387,646
Other	(298,180)	2,986,402
	<b>13,675,320</b>	<b>21,786,858</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	2,410,156	2,834,359
Water	2,324,758	4,297,444
Sewerage	563,141	1,081,888
Refuse	618,658	1,387,646
Other	(298,180)	2,986,402
	<b>5,618,533</b>	<b>12,587,739</b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>4. Consumer debtors (continued)</b>		
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	8,056,788	9,199,119
<b>Net balance</b>	<b>13,675,321</b>	<b>21,786,858</b>
<b>Rates from non exchange transactions</b>		
Current (0 -30 days)	6,373,700	2,999,395
31 - 60 days	1,606,498	1,321,096
61 - 90 days	1,468,342	1,304,973
91 - 120 days	1,440,545	828,061
121 - 365 days	1,308,046	13,872,964
> 365 days	43,295,852	-
	<b>55,492,983</b>	<b>36,182,327</b>
<b>Electricity</b>		
Current (0 -30 days)	3,827,320	7,424,410
31 - 60 days	1,817,091	2,052,406
61 - 90 days	2,972,128	1,883,787
91 - 120 days	989,448	2,108,575
121 - 365 days	857,867	13,872,964
> 365 days	2,719,658	-
	<b>13,183,512</b>	<b>27,342,142</b>
<b>Refuse from exchange transactions and other from non exchange transactions</b>		
Current (0 -30 days)	1,458,788	2,999,395
31 - 60 days	1,311,291	1,321,096
61 - 90 days	1,001,510	1,304,973
91 - 120 days	1,737,882	828,061
121 - 365 days	1,473,653	29,728,802
> 365 days	36,296,140	-
	<b>43,279,264</b>	<b>36,182,327</b>
<b>Summary of debtors by customer classification</b>		
<b>Government</b>		
Current (0 -30 days)	481,717	328,410
31 - 60 days	458,748	531,459
61 - 90 days	268,232	95,617
+91 days	280,171	56,487
121 - 365 days	235,761	1,547,127
> 365 days	2,110,793	-
	<b>3,835,422</b>	<b>2,559,100</b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>4. Consumer debtors (continued)</b>		
<b>Business</b>		
Current (0 -30 days)	5,676,639	657,597
31 - 60 days	1,462,796	133,779
61 - 90 days	972,330	146,222
+91 days	1,243,324	171,569
121 - 365 days	1,092,985	2,398,171
> 365 days	18,056,886	-
	<b>28,504,960</b>	<b>3,507,338</b>
<b>House hold</b>		
Current (0 -30 days)	2,457,458	(14,365)
31 - 60 days	1,210,475	-
61 - 90 days	972,493	9
+91 days	1,178,927	9
121 - 365 days	1,061,321	700
> 365 days	11,306,835	-
	<b>18,187,509</b>	<b>(13,647)</b>
<b>Other</b>		
Current (0 -30 days)	5,005,187	14,190,682
31 - 60 days	3,016,726	4,129,242
61 - 90 days	2,227,415	4,137,607
+91 days	2,529,336	3,836,672
121 - 365 days	2,219,210	71,894,944
> 365 days	59,127,873	-
	<b>74,125,747</b>	<b>98,189,147</b>
<b>Less: Provision for debt impairment</b>		
31 - 60 days	8,327,438	-
61 - 90 days	5,224,148	-
91 - 120 days	3,897,114	-
121 - 365 days	4,766,053	-
> 365 days	95,011,663	-
	<b>117,226,416</b>	<b>-</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(82,456,079)	(70,746,878)
Debt impairment written off against allowance	(34,770,337)	(11,709,201)
	<b>(117,226,416)</b>	<b>(82,456,079)</b>

### Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

### Consumer debtors impaired

As of June 30, 2013, consumer debtors of R 129,304,686( 2012: R 104,242,937) were impaired and provided for.

The amount of the provision was R 117,226,452 as of June 30, 2013 (2012: R 82,456,079).

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>5. Cash and cash equivalents (continued)</b>		
Cash on hand	2,000	-
Short-term deposits	2,656,399	7,163,732
Bank overdraft	(110,160)	(15,295,920)
	<b>2,548,239</b>	<b>(8,132,188)</b>
Current assets	2,658,399	7,163,732
Current liabilities	(110,160)	(15,295,920)
	<b>2,548,239</b>	<b>(8,132,188)</b>

### Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral	500,000	500,000
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### Local Guarantees

The above guarantee is pledged to Magalies water by means of the ABSA Bank Call account with the number 9079442012. The valuation amount for the current year 2013: R1 055 836 (2012: R1 027 192.53), however the guarantee is limited to R500,000.00.

### Current Account (Primary Bank Account)

Account number / description	Bank statement balances		Cash book balances	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
ABSA BANK - Current Account - 1330000062	1,834,455	2,154,691	(511,686)	(15,295,920)
ABSA BANK - Call Account - 4073741532	401,526	-	401,526	-
<b>Total</b>	<b>2,235,981</b>	<b>2,154,691</b>	<b>(110,160)</b>	<b>(15,295,920)</b>

### Call deposits

Account number / description	Bank statement balances		Cash book balances	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
ABSA BANK - Call Account - 9079442012	1,055,836	1,027,192	1,055,836	1,027,192
ABSA BANK - Call Account - 4073741532	281,657	271,125	281,657	271,125
ABSA BANK - Call Account - 4078462834	269,014	4,758,799	269,014	4,758,799
ABSA BANK - Account Type - Deposit - 2066701092	800,000	861,334	800,000	861,334
Standardbank - Cheque Account - 032224621	-	-	-	-
Fnb Limited - Call Account - 6204584148	249,892	245,282	249,892	245,282
Petty Cash	2,000	-	2,000	-
<b>Total</b>	<b>2,658,399</b>	<b>7,163,732</b>	<b>2,658,399</b>	<b>7,163,732</b>

### Cash on hand

<b>Total cash and cash equivalents</b>	<b>5,293,907</b>	<b>9,318,423</b>	<b>2,548,239</b>	<b>(8,132,188)</b>
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# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013			2012		
<b>6. Property, plant and equipment</b>						
	<b>Cost / Valuation</b>	<b>Accumulated depreciation and impairment</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>
Buildings	60,202,155	(32,744,199)	27,457,956	60,108,903	(30,157,935)	29,950,968
Plant and machinery	1,006,747	(536,297)	470,450	2,604,308	(829,502)	1,774,806
Furniture and fixtures	3,307,497	(1,903,167)	1,404,330	4,361,540	(1,612,923)	2,748,617
Motor vehicles	4,910,000	(3,435,328)	1,474,672	5,892,925	(3,332,415)	2,560,510
Office equipment	3,313,049	(2,277,244)	1,035,805	4,349,648	(2,042,480)	2,307,168
Infrastructure	888,318,133	(439,223,520)	449,094,613	878,102,783	(416,377,481)	461,725,302
Community	64,093,453	(32,452,979)	31,640,474	64,093,453	(30,355,036)	33,738,417
Work in progress	24,869,658	-	24,869,658	338,912	-	338,912
Emergency equipment	49,779	(30,206)	19,573	77,676	(31,513)	46,163
Recreational Facilities	33,515,127	(23,513,621)	10,001,506	33,515,127	(22,303,652)	11,211,475
<b>Total</b>	<b>1,083,585,598</b>	<b>(536,116,561)</b>	<b>547,469,037</b>	<b>1,053,445,275</b>	<b>(507,042,937)</b>	<b>546,402,338</b>

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

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Buildings	29,950,968	92,325	-	(2,585,337)	27,457,956
Plant and machinery	1,774,806	5,344	(792,494)	(517,206)	470,450
Furniture and fixtures	2,748,617	24,438	(498,573)	(870,152)	1,404,330
Motor vehicles	2,560,510	-	(70,805)	(1,015,033)	1,474,672
Office equipment	2,307,168	74,802	(569,997)	(776,168)	1,035,805
Infrastructure	461,725,302	10,215,350	-	(22,846,039)	449,094,613
Community	33,738,417	-	-	(2,097,943)	31,640,474
Work in Progress	338,912	24,530,746	-	-	24,869,658
Emergency equipment	46,163	-	(11,154)	(15,436)	19,573
Recreational Facilities	11,211,475	-	-	(1,209,969)	10,001,506
	<b>546,402,338</b>	<b>34,943,005</b>	<b>(1,943,023)</b>	<b>(31,933,283)</b>	<b>547,469,037</b>

### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Buildings	32,580,726	32,294	-	(2,662,052)	29,950,968
Plant and machinery	1,482,249	736,732	-	(444,175)	1,774,806
Furniture and fixtures	3,383,220	215,152	-	(849,755)	2,748,617
Motor vehicles	3,673,520	103,850	-	(1,216,860)	2,560,510
Office equipment	2,817,221	1,817,646	(1,299,185)	(1,028,514)	2,307,168
Infrastructure	476,554,738	8,403,252	-	(23,232,688)	461,725,302
Community	36,013,938	-	-	(2,275,521)	33,738,417
Work in Progress	-	338,912	-	-	338,912
Emergency equipment	61,730	-	-	(15,567)	46,163
Recreational Facilities	12,495,449	-	(4,500)	(1,279,474)	11,211,475
	<b>569,062,791</b>	<b>11,647,838</b>	<b>(1,303,685)</b>	<b>(33,004,606)</b>	<b>546,402,338</b>

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

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R) 2013 2012

### 7. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,539,578	(98,567)	1,441,011	1,539,578	(47,703)	1,491,875
Rights to use naturally occurring assets	645,664	-	645,664	645,664	-	645,664
<b>Total</b>	<b>2,185,242</b>	<b>(98,567)</b>	<b>2,086,675</b>	<b>2,185,242</b>	<b>(47,703)</b>	<b>2,137,539</b>

#### Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Computer software	1,491,875	(50,864)	1,441,011
Rights to use naturally occurring assets	645,664	-	645,664
	<b>2,137,539</b>	<b>(50,864)</b>	<b>2,086,675</b>

#### Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	241,965	1,295,585	(45,675)	1,491,875
Rights to use naturally occurring assets	-	645,664	-	645,664
	<b>241,965</b>	<b>1,941,249</b>	<b>(45,675)</b>	<b>2,137,539</b>

### 8. Heritage assets

	2013			2012		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	538,950	-	538,950	538,950	-	538,950

### 9. Other financial assets

#### Residual interest at cost

Other financial assets	-	20,559
Terms and conditions		

#### At amortised cost

Loans and receivables 1	-	6,690
Terms and conditions		

#### Total other financial assets

	-	<b>27,249</b>
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#### Non-current assets

Residual interest at cost	-	20,559
At amortised cost	-	6,690
	-	<b>27,249</b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>10. Other financial liabilities</b>		
<b>At amortised cost</b>		
INCA Loan 00-003-7509 Terms and conditions	11,474,567	11,812,133
<b>Non-current liabilities</b>		
At amortised cost	11,137,001	11,474,567
<b>Current liabilities</b>		
At amortised cost	337,566	337,566
<b>11. Trade and other payables from exchange transactions</b>		
Trade payables	30,604,786	54,968,485
Payments received in advanced - contract in process	6,248,156	-
Tender guarantees	-	740,701
Retention creditors	1,226,877	2,123,037
Other Creditors	349,487	(1,551,256)
	<b>38,429,306</b>	<b>56,280,967</b>
<b>12. VAT payable</b>		
Tax refunds payables	513,842	-
VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors payments are made to suppliers.		
<b>13. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants</b>		
Finance management grant (FMG)	-	22,490
Municipal systems improvement grant (MSIG)	257	24,782
Department of Water Affairs and Forestry grant (DWAF)	-	154,728
Housing grant	-	11,346
Municipal Infrastructure grant (MIG)	-	5,190,962
	<b>257</b>	<b>5,404,308</b>
<b>Movement during the 2013</b>		
Balance at the beginning of the 2013	5,404,307	40,092
Additions during the 2013	44,493,130	57,580,142
Income recognition during the 2013	(50,833,185)	(52,215,927)
Correction of Error	936,004	-
	<b>256</b>	<b>5,404,307</b>

See note 22 for reconciliation of grants from National/Provincial Government.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R) 2013 2012

### 14. Other provisions

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Rehabilitation of landfill site	13,125,557	1,443,172	-	14,568,729
Performance Bonus	203,005	-	(106,727)	96,278
Provision for Leave	3,917,980	254,669	-	4,172,649
Provision for 13th cheque	2,675,716	-	(1,255,742)	1,419,974
Long service award provision	1,610,516	439,818	-	2,050,334
	<b>21,532,774</b>	<b>2,137,659</b>	<b>(1,362,469)</b>	<b>22,307,964</b>

#### Reconciliation of other provisions - 2012

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Rehabilitation of landfill site	13,075,198	-	-	50,359	13,125,557
Performance Bonus	-	203,005	-	-	203,005
Provision for Leave	7,941,216	(4,023,236)	-	-	3,917,980
Provision for 13th cheque	2,675,716	-	-	-	2,675,716
Long service award provision	1,547,642	329,698	(266,824)	-	1,610,516
	<b>25,239,772</b>	<b>(3,490,533)</b>	<b>(266,824)</b>	<b>50,359</b>	<b>21,532,774</b>

Non-current liabilities	14,568,729	13,125,557
Current liabilities	7,739,235	8,407,217
	<b>22,307,964</b>	<b>21,532,774</b>

#### Rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The valuation of landfill site was performed as at 30 June 2013 by Environmental & Sustainability Services. It is calculated as the present value of future obligation at a discounted at prime interest rate, the following key assumptions were used CPI of 5.7694% (2012: 5.9149%), Discount rate of 8.0194% (2012: 8.1649%) and net effective discount rate of 2.25% (2012: 2.25%). The remaining estimated life of the landfill of 8 years is used in the discounted calculation of the provision for disclosure. The payment of expenditures relating to rehabilitation is expected to occur after the 30th June 2013.

#### Provision for rehabilitation of landfill sites:

##### Carrying value

Balance at the beginning of the year	13,125,557	13,075,198
Charge in provision for landfill closure	1,164,340	(198,693)
Interest charge	278,832	249,052
<b>Total Recognised Liability</b>	<b>14,568,729</b>	<b>13,125,557</b>

#### Long Service Awards

The municipality operates an Unfunded defined benefit plan for all its employees. Under the plan, a long service award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

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Figures in Rand (R)	2013	2012
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### 14. Other provisions (continued)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Chanan Weiss, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 331 (2012: 381) employees were eligible for Long Service Awards.

The current service cost for the year ending 30 June 2013 is estimated to be R 261 717 (2012: R 266 263), whereas the cost for the ensuing year is estimated to be R362 054 (2012: R 373 818).

#### The principal assumptions used for the purpose of the actuarial valuations were as follows:

Discount rate used	7.93 %	6.43 %
Salary increase rate	6.69 %	5.96 %
Net effective discount rate	1.16 %	0.44 %
Expected remaining working lives of eligible employees	-	15

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R) 2013 2012

### 14. Other provisions (continued)

Movement in the present value of the Defined Benefit Obligation were as follows:

#### Carrying value

Balance at the beginning of the year	1,610,516	1,280,818
Current service costs	261,717	266,263
Interest cost	100,337	107,555
Benefits paid	(39,390)	(143,081)
Actuarial losses / (gains)	117,154	98,961
<b>Total Recognised Benefit Liability</b>	<b>2,050,334</b>	<b>1,610,516</b>

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	13,125,557	13,075,198
Fair value of plan assets	-	-
Interest cost	278,832	249,052
Actuarial (gains) losses	1,164,340	(198,693)
<b>Present Value of Benefit Liability</b>	<b>14,568,729</b>	<b>13,125,557</b>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1,443,172	(198,693)
Interest cost	278,832	249,052
<b>Total post retirement benefit included in employee related costs</b>	<b>1,722,004</b>	<b>50,359</b>

The liability at the Valuation Date was recalculated to show the effect of 1% increase and decrease in the assumed general salary inflation rate. Using central assumption of R261,717 for current service cost and R100,337 for interest costs the effect is as follows:

	One percentage point increase	One percentage point decrease
Effect on current service cost	254,985	217,050
Effect on interest cost	155,915	137,651
<b>Total</b>	<b>410,900</b>	<b>354,701</b>

Amounts for the current and previous 2013 are as follows:

	2013 R	2012 R	2011 R
Defined benefit obligation	2,050,334	1,610,516	1,280,818
Plan assets	-	-	-
<b>Surplus/(deficit) of defined benefit obligation</b>	<b>2,050,334</b>	<b>1,610,516</b>	<b>1,280,818</b>

### 15. Consumer deposits

Deposits received	3,495,335	3,350,507
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# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>16. Employee benefit obligations</b>		
<b>Post retirement Health Care Benefits Liability</b>		
<b>Carrying value</b>		
Balance at the beginning of the year	(20,670,206)	(16,826,904)
Benefits paid	977,000	821,111
Current service costs	(2,030,000)	(596,676)
Net actuarial (gains) or losses	641,000	(2,557,565)
Interest costs	(1,550,000)	(1,510,172)
	<b>(22,632,206)</b>	<b>(20,670,206)</b>

The municipality provides certain post retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aids Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an 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 2013 by Willie van Heerden, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. An actuarial valuation has been performed of the liability in respect of post-employment health care benefits to employees and retirees of Bela Bela Municipality and to their registered dependants.

**The members of the Post-employment Health Care Benefit Plan are made up as follows:**

In-service members (Employees)	187	160
Continuation members	27	28
	<b>214</b>	<b>188</b>

**The liability in respect of past service has been estimated as follows:**

In-service members (Employees)	10,102,000	9,262,811
Continuation members	12,530,206	11,407,395
	<b>22,632,206</b>	<b>20,670,206</b>

The municipality takes monthly contributions of health care arrangements to the following Medical Aid schemes:

- Keyhealth
- Bonitas
- Hosmed
- Samwumed
- LA Health

The current service cost for the year ending 30 June 2013 is estimated to be R 2 030 000 (2012: R59 6676).

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R) 2013      2012

### 16. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rate used	7.93 %	7.66 %
Health care cost inflation rate	7.19 %	6.97 %
Net effective discount rate	0.69 %	0.64 %
Expected remaining working lives of eligible employees	17	17

The effect of 1% movement in the assumed rate of health care cost inflation is as follows:

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

Opening balance	20,670,206	16,826,904
Net expense recognised in the statement of financial performance	1,962,000	3,843,302
<b>Present value of fund obligation at the end of the year</b>	<b>22,632,206</b>	<b>20,670,206</b>

#### The amounts recognised in the Statement of Financial Performance

Current service cost	2,030,000	596,676
Vested past service cost	(977,000)	(821,111)
Interest cost	1,550,000	1,510,172
Actuarial (gains) losses	(641,000)	2,557,565
	<b>1,962,000</b>	<b>3,843,302</b>

#### The history of experienced adjustments is as follows:

Present value of Defined Benefit Obligation	33,861,000	27,919,000	22,632,000	20,670,206
			<b>22,632,000</b>	<b>20,670,206</b>

#### Changes in the fair value of plan assets are as follows:

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment health care liability.

### 17. Revenue

Service charges	112,172,950	101,575,976
Rental of facilities and equipment	533,113	1,204,834
Licences and permits	11,529,074	8,540,490
Administration and management fees received	1,135,833	99,942
Fees earned	-	57
Commissions received	37,916	1,188,718
Demand charges	452,459	-
Rental income	15,632	-
Donation received	-	1,469,791
Other income	1,484,186	4,837,900
Other income: Co - funding	850,000	-
Town Planning Scheme	484,655	270,598
Interest received	6,330,152	9,613,360
Property rates	42,378,149	37,396,597
Government grants & subsidies	50,833,185	52,363,743
Fines	4,055,795	1,197,109
	<b>232,293,099</b>	<b>219,759,115</b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>17. Revenue (continued)</b>		
<b>The amounts included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	112,172,950	101,575,976
Rental of facilities and equipment	533,113	1,204,834
Licences and permits	11,529,074	8,540,490
Administration and management fees received	1,135,833	99,942
Fees earned	-	57
Commissions received	37,916	1,188,718
Demand Charges	452,459	-
Rental income	15,632	-
Discount received	-	1,469,791
Other income	1,484,186	4,837,900
Other income 2	850,000	-
Town Planning Scheme	484,655	270,598
Interest received	6,330,152	9,613,360
	<b>135,025,970</b>	<b>128,801,666</b>
<b>The amounts included in revenue arising from non-exchange transactions are as follows:</b>		
<b>Taxation revenue</b>		
Property rates	42,378,149	37,396,597
<b>Transfer revenue</b>		
Government grants & subsidies	50,833,185	52,363,743
Fines	4,055,795	1,197,109
	<b>97,267,129</b>	<b>90,957,449</b>
<b>18. Other income</b>		
Administration and management fees received - third party	1,135,833	99,942
Fees earned	-	57
Commissions received	37,916	1,188,718
Demand Charges	452,459	-
Rental income - third party	15,632	-
Donation received	-	1,469,791
Other income	1,484,186	4,837,900
Gain on disposal of assets and liabilities	850,000	-
Town Planning Schemes	271,761	203,286
Cemetery Fees	212,894	67,312
	<b>4,460,681</b>	<b>7,867,006</b>
<b>19. Interest received</b>		
<b>Interest revenue</b>		
Interest received- investment	325,203	134,160
Interest charged on trade and other receivables	6,004,949	9,479,200
	<b>6,330,152</b>	<b>9,613,360</b>
<b>20. Finance costs</b>		
Bank	-	3,136
Current borrowings	1,246,821	3,003,787
Other interest paid	1,929,169	-
	<b>3,175,990</b>	<b>3,006,923</b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

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Figures in Rand (R)	2013	2012
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### 21. Property rates

#### Rates received

Property rates	42,378,149	37,396,597
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#### Valuations

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations, subdivisions, consolidations and other alterations as stipulated in the Municipal Property Rates Act .

The rate for farms of R0.0106 and for residential of R0.0115 is applied to property valuations to determine assessment rates.

### 22. Service charges

Sale of electricity	80,552,582	70,399,310
Sale of water	19,457,180	18,754,337
Solid waste	5,667,755	5,946,877
Sewerage and sanitation charges	6,495,433	6,475,452
	<b>112,172,950</b>	<b>101,575,976</b>

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# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>23. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	30,818,000	39,329,000
Finance Management Grant	1,500,000	1,227,511
Municipal Systems Improvement Grant	799,743	787,053
Department of Water Affairs	130,000	277,000
SETA	172,582	418,914
Extended Public Works Program	1,000,000	-
	<b>34,420,325</b>	<b>42,039,478</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	16,412,860	10,324,265
	<b>16,412,860</b>	<b>10,324,265</b>
	<b>50,833,185</b>	<b>52,363,743</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. An amount of R14 190 000 was withheld by National Treasury due to non compliance with the Municipal Finance Management Act.		
<b>Finance Management Grant</b>		
Balance unspent at beginning of 2013	22,490	-
Current year receipts	1,500,000	1,250,000
Refunded to the Funder	(22,491)	-
Conditions met -transferred to revenue	(1,500,000)	(1,227,510)
	<b>(1)</b>	<b>22,490</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of 2013	24,782	21,835
Current year - Receipts	800,000	790,000
Conditions met - transferred to revenue	(799,743)	(787,053)
Refunded to the Funder	(24,782)	-
	<b>257</b>	<b>24,782</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>Department of Water and Forestry Grant</b>		
Balance unspent at beginning of 2013	154,728	154,728
Current-year receipts	130,000	277,000
Conditions met - transferred to revenue	(130,000)	(277,000)
Written Off as a Legacy Issue	(154,728)	-
	<b>-</b>	<b>154,728</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>Housing Grant</b>		
Balance unspent at beginning of 2013	11,346	11,346
Written Off as a Legacy Issue	(11,346)	-
	<b>-</b>	<b>11,346</b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R) 2013 2012

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### 23. Levies (continued)

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

#### Municipal Infrastructure Grant

Balance unspent/(overspent) at beginning of year	5,190,962	-
Current-year receipts	16,353,000	15,518,000
Conditions met - transferred to revenue	(16,418,962)	(10,327,039)
Refunded to the Grant Funder	(5,124,999)	-
	<b>1</b>	<b>5,190,962</b>

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

All the unspent conditional grants have been committed for and the municipality has applied for the roll over of the 2011/12 unspent conditional grants to the 2012/13 financial year.

#### Extended Public Works Program

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

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

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

#### SETA Grant

Current-year receipts	172,582	418,914
Conditions met - transferred to revenue	(172,582)	(418,914)
	-	-

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

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

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>24. General expenses</b>		
Advertising	591,242	452,442
Auditor's remuneration	1,954,176	1,684,713
Bank charges	1,618,929	1,815,769
Cleaning	72,227	127,289
Consulting and professional fees	5,313,764	3,099,103
Debt collection	21,111	1,341,262
Entertainment	38,729	70,589
Audit committee fees and allowance	69,986	142,436
Insurance	11,871	52,775
IT expenses	6,080,198	5,074,997
Lease rentals on operating lease	4,688,566	5,772,731
Fuel and oil	2,249,799	612,422
Placement fees	40,329	2,928
Postage	7,741	76,483
Printing and stationery	431,786	654,336
License fees	193,101	93,405
License fees	-	1,579
Skills development levies	41,180	-
Membership fees	580,072	496,691
Telephone Costs	1,100,185	1,662,211
Transport claims	2,306	1,963,721
Uniforms & overalls	501,401	202,718
Local economic development	306,247	382,413
Meter reading	1,720,344	1,588,295
Community outreach program	536,512	1,007,202
Equitable share levy	2,429,536	2,654,801
Valuation costs	438,278	477,801
Risk and asset management	2,021,511	998,045
Contractor services	11,338,200	8,483,376
Delegation costs	1,467,880	904,335
Capacity building	326,793	449,868
Chemicals	967,835	405,390
Subsidies paid-Free basic services	-	1,039,246
Other expenses	5,288	107,471
	<b>47,167,123</b>	<b>43,898,843</b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>25. Employee related costs</b>		
Basic	56,374,169	53,271,787
Medical aid - company contributions	803,449	936,769
Skills development levy	262,301	351,177
Overtime payments	3,560,865	3,021,628
Transport allowance (bus coupons)	2,888,688	3,630,676
	<b>63,889,472</b>	<b>61,212,037</b>

### Remuneration of municipal manager

Annual Remuneration	304,465	1,006,906
Car Allowance	121,786	-
Contributions to UIF, Medical and Pension Funds	108,388	-
Travel, motor car, accommodation, subsistence and other allowance	1,500	-
Other allowances	13,578	27,156
Leave Days Sold	155,683	-
	<b>705,400</b>	<b>1,034,062</b>

The Municipal Manager term ended on the 31 December 2012 and it was not renewed

### Remuneration of chief finance officer

Annual Remuneration	271,196	852,445
Car Allowance	79,165	-
Contributions to UIF, Medical and Pension Funds	97,697	-
Travel, motor car, accommodation, subsistence and other allowances	11,324	-
Other allowances	8,500	18,755
Acting Allowance	27,168	-
	<b>495,050</b>	<b>871,200</b>

The Chief Financial Officer was appointed on the 01 February 2013

### Remuneration of corporate services manager

Annual Remuneration	80,729	807,332
Car Allowance	32,310	-
Contributions to UIF, Medical and Pension Funds	25,775	-
Cellphone Allowance	3,000	-
Leave Day Payout	15,729	18,000
	<b>157,543</b>	<b>825,332</b>

The Manager Corporate Services and Human Resource term ended in August 2012

### Remuneration of social and community services manager

Annual Remuneration	486,371	729,524
Car Allowance	184,984	-
Contributions to UIF, Medical and Pension Funds	146,905	-
Acting Allowance	14,818	-
Cellphone Allowance	18,600	-
Other allowances	-	18,000
	<b>851,678</b>	<b>747,524</b>

The Manager Health, Safety and Social Services was employed for the full 12 months

### Remuneration of planning and economic development manager

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>25. Employee related costs (continued)</b>		
Annual Remuneration	74,710	746,305
Car Allowance	32,275	-
Housing Allowance	500	-
Contributions to UIF, Medical and Pension Funds	34,476	-
Leave Payout	150,997	-
Cellphone Allowance	3,000	-
Other allowances	-	18,000
	<b>295,958</b>	<b>764,305</b>

The Manager's term ended in August 2012

### Remuneration of technical services manager

Annual Remuneration	489,981	720,321
Car Allowance	182,916	-
Contributions to UIF, Medical and Pension Funds	169,324	-
Cellphone Allowance	18,600	-
Acting Allowance	13,389	-
Other allowances	-	24,867
	<b>874,210</b>	<b>745,188</b>

The Manager was employed for the full 12 months

### 26. Remuneration of councillors

Mayor	676,650	630,735
Chief Whip	522,750	477,761
Executive Committee Members	789,919	741,916
Speaker	561,690	508,355
Councillors	2,343,792	2,343,804
	<b>4,894,801</b>	<b>4,702,571</b>

### In-kind benefits

The Mayor, speaker and chief whip are full-time. Each is expected to be provided with an office and secretarial support at the cost of the Council.

### 27. Debt impairment

Debt written off	-	661,037
Debt impairment	34,770,337	11,709,201
	<b>34,770,337</b>	<b>12,370,238</b>

### 28. Depreciation and amortisation

Property, plant and equipment	31,985,073	31,265,933
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### 29. Auditors' remuneration

Fees	1,954,176	1,684,713
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# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>30. Bulk purchases</b>		
Electricity	54,389,294	48,465,953
Water	5,629,692	6,683,789
	<b>60,018,986</b>	<b>55,149,742</b>
<b>31. Operating lease</b>		
<p>Operating lease payments represent rentals payable by the municipality for motor vehicles and the lease term is for an average term of three years and rentals are fixed for an average of the lease term. Lease payments for the photocopying machines are paid at a fixed amount over the lease term, except for the photocopying machine leased from Konika Minolta where rentals are escalated by 15% per annum.</p>		
<b>32. Cash generated from operations</b>		
Deficit	(29,215,198)	(5,589,998)
<b>Adjustments for:</b>		
Depreciation and amortisation	31,985,073	31,265,933
(Loss) gain on sale of assets and liabilities	(758,154)	2,660,390
Actuarial loss	7,732,368	-
Debt impairment	34,770,337	12,370,238
Movements in retirement benefit assets and liabilities	1,962,000	3,843,302
Movements in provisions	1,775,190	316,238
Donations	-	(1,519,428)
Prior year adjustment	43,035,678	(1,710,758)
Other non-cash items	2,573,614	-
<b>Changes in working capital:</b>		
Inventories	(9,959)	(34,087)
Trade and other receivables from exchange transactions	(165,304)	(695,391)
Consumer debtors	(26,658,796)	(14,711,538)
Trade and other payables from exchange transactions	(17,851,661)	(15,746,521)
VAT	598,460	1,547,954
Unspent conditional grants and receipts	(5,404,050)	5,216,399
Consumer deposits	144,828	874,111
	<b>44,514,426</b>	<b>18,086,844</b>

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>33. Commitments</b>		
<b>Capital commitments</b>		
<b>Approved and contracted for</b>		
• Property, plant and equipment	3,720,867	31,597,031
<b>Approved but not yet contracted for:</b>		
• Community	13,431,899	11,782,000
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- Within one year	2,586,689	3,467,880
- In second to fifth year inclusive	885,818	3,462,529
- After five years	-	-
	<b>3,472,507</b>	<b>6,930,409</b>

Operating lease payments represent rentals payable by the municipality for motor vehicles that are leased from ABSA Bank and photocopying machines that are leased from Konika Minolta, OCE South Africa, Tenderwood and Palesa Tech (Pty) Ltd. The operating lease term for motor vehicles is three years and rentals are payable at a fixed rate for the period of the lease term. Lease payments for the photocopying machines are paid at a fixed amount over the lease term, except for the photocopying machine leased from Konika Minolta where rentals are escalated by 15% per annum. No contingent rent is payable.

### 34. Contingencies

1. K J Matsapa vs Bela Bela Municipality. There is a labour dispute. The value is R50 000
2. SAMWU obo M. Sebelebel vs Bela-Bela Municipality. The matter is Labhour Court. The claim is valued R80,000
3. M M Maluleka vs Bela-Bela Municipality & Others. Matter will be heard on the 02 September 2013. The value of the claim R150,000.
4. Makhosane Project CC vs Bela-Bela Municipality. The matter is in relation to the outstanding payment. The claim is valued at R150,000.
5. SAMWU and Others filed a labour dispute with the Municipality. The claim is valued at R300,000.
6. TN Molefe Consulting Services CC is suing the Municipality for none payment to the value of R542,198. The financial exposure is expected to be R1,000,000.00
7. Gholfbaanpark Eiendoms-ontwikkelinge CC is suing the Municipality for canceling the new development which was taking place within Bela-Bela. Mangement estimates the financial exposure to be R1,250,000.
8. The Municipality has claimed an amount of R10 000 from the insurance. in terms of the insurance policy, R2,500 should be paid as excess.

### 35. Related parties

#### Relationships

Accounting Officer  
Remuneration of key management and coucillors

Refer to accounting officer's report.  
Refer to note 24.

#### Related party transactions

#### Rental income received from Councillors and employees

Employees	443,738	234,786
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# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R) 2013 2012

### 36. Prior period errors

Performance Bonus Provision was previously included in the 13th Cheque Provision. It has now been separated and it has resulted in Provision for 13th Cheque being reduced by R 203 005 and the Performance Bonus Provision having its line item of R203 005

Leave Provision was erroneously calculated based on the future Salaries of employees instead of current value of salaries. This has resulted in Leave Provision being reduced by R254 699)

VAT was incorrectly calculated and not reconciled to VAT 201. It has now being corrected resulting in VAT Receivable of R84 618.

Housing Grant was written off in full after as one of the legacy issues written of by Council. This has resulted in the Housing Grant being reduced by R11 346 to R0.

Department of Water Affairs Grant included the Obsolete stock that was written off. This has been adjusted and thereafter affected Inventory and Unspent Conditional Grants by R147 816

An Investment of R800 000 was disclosed in the Financial Assets in the 2012. It has since been reallocated to Cash and Cash Equivalent

The municipality engaged into a clean sweep of all assets. This has resulted into adjustment being made. The depreciation has increased by R1 776 216 and the carrying value by R256 170 110

An amount of R164 827 was paid as repairs and maintenance instead of Property, plant and equipment. Investment Properties were also brought in for the first time at a value of R181 101 311. Softwares that met the GRAP 16 recognition criteria were recognised for the first time with the carrying value of R1 491 875

Capital Commitments were also amended. This resulted into Projects approved and contracted to be R31 597 031 and approved but not contracted for amounting to R11 782 000

Accrued leave pay was previously as leave accrual. It has been now recognised as provision.

These specific correction of the errors results in adjustments in the prior period as indicated below:

#### Statement of financial position

Property, plant and equipment	(439,408,960)	(678,812,026)
Trade receivables from exchange transactions	-	(40,875)
Bank and cash	-	1,734,129
Trade payables	5,590,457	17,449,800
Provisions	254,669	-
Unspent grant	11,346	(978,084)
Bank overdraft	-	(8,032,372)
Accumulated surplus	443,645,911	691,821,362
Net movement	1,619,521	347,159

#### Statement of Financial Performance

Depreciation expense	1,784,348	2,133,290
General expenses	-	2,245,801
Employment costs	-	(91,258)
Repairs and maintenance	(164,827)	(4,845,998)
Grants	-	(852,050)
Other income	-	(53,274)
Net movement	(1,619,521)	347,159

### 37. Risk management

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

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Figures in Rand (R) 2013 2012

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### 37. Risk management (continued)

To manage the risk the municipality has a credit control policy and by-law. As part of these processes the financial viability of all counterparties is regularly monitored and assessed

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterpart. The municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties]

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality's credit profile and diversified funding sources to ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

Refer to note 9 to 13 indicates all liabilities that the municipality is currently having.

#### Interest rate risk

The municipality's interest rate risk arises from investments at variable rates exposes the municipality to cash flow interest rate risk. Investment at fixed rates exposes the municipality to fair value interest rate risk. The municipal policy is to not invest with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are call deposits.

Refer to note 5 that indicates the breakdown of all the investments.

#### Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

### 38. Unauthorised expenditure

Opening balance	74,531,414	25,067,358
Unauthorised expenditure current year	30,875,995	49,464,056
Approved by Council or condoned	(74,531,414)	-
Transfer to receivables for recovery	-	-
	<b>30,875,995</b>	<b>74,531,414</b>

The unauthorised expenditure of R74 531 414 358 was noted by Council.

The Municipality took an exercise of full GRAP 17 (Property, plant and Equipment) full sweep. This exercised has led the Municipality incur more depreciation as it anticipated on the adjustment budget. This is non cash items and it contributed significantly on the R30 875 995 disclosed as unauthorised expenditure.

The Municipality further calculated a more realist debt impairment cost. This resulted into overspending on that line item. Again this is non cash item. Therefore the overspenditure is due to non cash items.

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>39. Fruitless and wasteful expenditure</b>		
Opening balance	452,087	170,107
Fruitless and wasteful expenditure current year	269,458	281,980
Condoned or written off by Council	(222,087)	-
To be recovered - contingent asset	-	-
	<b>499,458</b>	<b>452,087</b>

The current year fruitless and wasteful expenditure amounting to R269 458 emanates from the late payment of invoices to Eskom and Magalies due to late payment

Ngwana Sebatana was deliverable paid without delivering the servicer. Management believes that money will not be recovered from them. The overpaid amount was R90 469

Prior year fruitless and wasteful expenditure of R222 087 was noted and condoned by Council.

### 40. Irregular expenditure

Opening balance	36,178,464	33,131,509
Irregular Expenditure incurred during current year	6,688,421	3,046,955
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
	<b>42,866,885</b>	<b>36,178,464</b>

Prior and current year irregular expenditure of R35 174 309 and R41 862 421 respectively are still to be condoned.

The municipality awarded contracts to the following people in the service of the state

1. Prestige Ink and Print owned by Desmond who is employed Limpopo Department of Health. An amount of R 46 409 was paid in 2013 (2012: R1 995)
2. Moepeng Trading 153 owned by Mishack Phalatsi is employed by Limpopo Department of Public Works. An amount of R 2 203 278 was paid in 2013 (2012: R412 649)
3. Enchore General Trading owned by Katlego Philmon is employed by Limpopo Department of Transport. An amount of R53 500 was paid in 2013 (2012: R28 500)
4. Molele Seshako Le Leso Construction owned by Mankabo Johanna is employed by Limpopo Department of Health. An amount of R4 500 was paid in 2013 (2012: 4050).
5. An additional R67 500 was also paid to companies that are owned by people employed by the state
6. An amount of R278 794 was also incurred after not following competitive bidding process.
7. Three quotation system was not used for some of the supplies. An amount of R10 399 was incurred in this regards.
8. Highest point scorer was not appointed but the second best was appointed. An amount of R4 024 041 was incurred in this regard.

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

#### Contributions to organised local government- SALGA

Current year subscriptions	580,072	460,747
Amount paid - current year	(580,072)	(460,747)
	-	-

#### Material losses through criminal conduct

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>41. Leases (Effects of transitional provisions) (continued)</b>		
Opening balance	685,785	-
Current year criminal conduct	10,000	685,785
Amount paid - previous years	-	-
	<b>695,785</b>	<b>685,785</b>
An amount of R10 000, cash, was collected by municipality but never banked. The case is still on going internally		
<b>Audit fees</b>		
Current year audit fee	1,954,176	1,684,713
Amount paid - current year	(1,003,455)	(1,684,713)
	<b>950,721</b>	-
<b>PAYE and UIF</b>		
Opening balance	-	-
Current year payroll deductions	7,426,686	6,831,523
Amount paid - current year	(7,426,686)	(6,831,523)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	17,867,921	16,994,149
Amount paid - current year	(17,867,921)	(16,994,149)
	-	-
<b>VAT</b>		
VAT receivable	-	84,618
VAT payable	513,842	-
	<b>513,842</b>	<b>84,618</b>

VAT output payables is shown in note 11

All VAT returns have been submitted by the due date throughout the 2013.

### Councillors' arrear consumer accounts

The following Councillors had arrear accounts as at June 30, 2013:

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R) 2013 2012

### 41. Leases (Effects of transitional provisions) (continued)

June 30, 2013

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total current R
REM Radebe	209	-	209
ML Nhlapo	8,274	67,214	75,488
MH Ledwaba	586	5,624	6,210
ML Nhlapo	732	-	732
GM Seleka	3,312	28,442	31,754
SE Maluleka	492	-	492
MM Mononyane	153	-	153
MJ Sesane	267	-	267
JWA Fourie	2,774	-	2,774
JFMP Van Der Merwe	8,604	-	8,604
MJ Ngobeni	396	2,697	3,093
Hlungwane FS	598	4,759	5,357
	<b>26,397</b>	<b>108,736</b>	<b>135,133</b>

June 30, 2012

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
REM Radebe	284	-	284
ML Nhlapho	4,424	91,660	96,084
GM Seleka	3,107	12,711	15,818
MH Maluleka	345	130	475
MM Mononyane	(4)	-	(4)
MJ Sesane	286	-	286
JWA Fourie	409	2,249	2,658
JFMP Van Der Merwe	2,729	-	2,729
	<b>11,580</b>	<b>106,750</b>	<b>118,330</b>

During the 2013. All Councilors were informed about the amount owing and were informed that they are in contravention of Scheme B of Municipal Systems Act

### 42. Deviation from supply chain management regulations

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

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

There were deviations incurred in the financial year under review. A detailed register is available for inspection.

### 43. Distribution Losses

Distribution Losses are from the purchase and sale of water and electricity.

Electricity loss is at 20.21% and

Water loss is at 23.21%

2013	Total Purchases	Total Sales	Total (Loss)/Profit
Total kilowatts of electricity	88,156,121	70,340,754	(17,815,367)
Total kilolitres of water	3,410,414	2,618,798	(791,616)

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R) 2013 2012

### 43. Distribution Losses (continued)

### 44. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E for the comparison of actual operating expenditure versus budgeted expenditure.

### 45. Unknown deposit

Deposits received 612,002

Deposits received in our bank account but we are unable to track who paid it and why

### 46. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	181,101,311	(7,732,368)	173,368,943	181,101,311	-	181,101,311

#### Reconciliation of investment property - 2013

	Opening balance	Fair value adjustments	Total
Investment property	181,101,311	(7,732,368)	173,368,943

#### Reconciliation of investment property - 2012

	Opening balance	Total
Investment property	181,101,311	181,101,311

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.

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

### 47. VAT receivable

VAT 84,618

# BELA BELA LOCAL MUNICIPALITY

Financial Statements for the 2013 ended June 30, 2013

## Notes to the Financial Statements

Figures in Rand (R)	2013	2012
<b>48. Fair value adjustments</b>		
Investment property (Fair value model)	(7,732,368)	-

## Appendix A

### Schedule of external loans as at 30 June 2013

Loan Number	Redeemable	Balance at Saturday, June 30, 2012	Received during the period	Redeemed written off during the period	Balance at Sunday, June 30, 2013	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
Loan Stock		-	-	-	-	-	-
Structured loans		-	-	-	-	-	-
Funding facility		-	-	-	-	-	-
Development Bank of South Africa		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Other loans		-	-	-	-	-	-
Lease liability		-	-	-	-	-	-
<b>Annuity loans</b>							
INCA @ 10.49% AND 13%	00-0003 and 30 June 2027 00-0004	11,812,133	-	337,566	11,474,567	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		<b>11,812,133</b>	<b>-</b>	<b>337,566</b>	<b>11,474,567</b>	<b>-</b>	<b>-</b>
Government loans		-	-	-	-	-	-
<b>Total external loans</b>							
Loan Stock		-	-	-	-	-	-
Structured loans		-	-	-	-	-	-
Funding facility		-	-	-	-	-	-
Development Bank of South Africa		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Other loans		-	-	-	-	-	-
Lease liability		-	-	-	-	-	-

## Appendix A

### Schedule of external loans as at 30 June 2013

Loan Number	Redeemable	Balance at Saturday, June 30, 2012	Received during the period	Redeemed written off during the period	Balance at Sunday, June 30, 2013	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
Annuity loans		11,812,133	-	337,566	11,474,567	-	-
Government loans		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		<b>11,812,133</b>	<b>-</b>	<b>337,566</b>	<b>11,474,567</b>	<b>-</b>	<b>-</b>

## Appendix B

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT as at 30 June 2013

	Cost/Revaluation						Accumulated depreciation						Carrying value Rand	
	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
<b>Land and buildings</b>														
Buildings	60,108,903	92,325	-	-	-	-	60,201,228	(30,157,935)	-	-	(2,586,264)	-	(32,744,199)	27,457,029
	<b>60,108,903</b>	<b>92,325</b>	-	-	-	-	<b>60,201,228</b>	<b>(30,157,935)</b>	-	-	<b>(2,586,264)</b>	-	<b>(32,744,199)</b>	<b>27,457,029</b>
<b>Infrastructure</b>														
Electricity, roads and water	878,441,695	34,746,096	-	-	-	-	913,187,791	(416,377,481)	-	-	(22,846,039)	-	(439,223,520)	473,964,271
	<b>878,441,695</b>	<b>34,746,096</b>	-	-	-	-	<b>913,187,791</b>	<b>(416,377,481)</b>	-	-	<b>(22,846,039)</b>	-	<b>(439,223,520)</b>	<b>473,964,271</b>
<b>Community Assets</b>														
Sports & Recreation Facilities	97,608,580	-	-	-	-	-	97,608,580	(52,658,688)	-	-	(3,307,912)	-	(55,966,600)	41,641,980
	<b>97,608,580</b>	-	-	-	-	-	<b>97,608,580</b>	<b>(52,658,688)</b>	-	-	<b>(3,307,912)</b>	-	<b>(55,966,600)</b>	<b>41,641,980</b>

## Appendix B

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT as at 30 June 2013

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	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
<b>Heritage Assets</b>														
<b>Other assets</b>														
Plant & equipment	2,604,308	5,344	-	-	-	(1,602,905)	1,006,747	(12,339)	-	(6,752)	(517,206)	-	(536,297)	470,450
Furniture & Fittings	4,361,540	24,438	-	-	-	(1,078,481)	3,307,497	(1,048,906)	15,891	-	(870,152)	-	(1,903,167)	1,404,330
Office Equipment	4,349,648	74,802	-	-	-	(1,111,401)	3,313,049	(1,234,049)	-	(267,027)	(776,168)	-	(2,277,244)	1,035,805
Other	5,970,601	-	-	-	-	(1,010,822)	4,959,779	(2,467,394)	32,329	-	(1,030,469)	-	(3,465,534)	1,494,245
	<b>17,286,097</b>	<b>104,584</b>	-	-	-	<b>(4,803,609)</b>	<b>12,587,072</b>	<b>(4,762,688)</b>	<b>48,220</b>	<b>(273,779)</b>	<b>(3,193,995)</b>	-	<b>(8,182,242)</b>	<b>4,404,830</b>
<b>Total property plant and equipment</b>														
Land and buildings	60,108,903	92,325	-	-	-	-	60,201,228	(30,157,935)	-	-	(2,586,264)	-	(32,744,199)	27,457,029
Infrastructure	878,441,695	34,746,096	-	-	-	-	913,187,791	(416,377,481)	-	-	(22,846,039)	-	(439,223,520)	473,964,271
Community Assets	97,608,580	-	-	-	-	-	97,608,580	(52,658,688)	-	-	(3,307,912)	-	(55,966,600)	41,641,980
Other assets	17,286,097	104,584	-	-	-	(4,803,609)	12,587,072	(4,762,688)	48,220	(273,779)	(3,193,995)	-	(8,182,242)	4,404,830
	<b>1,053,445,275</b>	<b>34,943,005</b>	-	-	-	<b>(4,803,609)</b>	<b>1,083,584,671</b>	<b>(503,956,792)</b>	<b>48,220</b>	<b>(273,779)</b>	<b>(31,934,210)</b>	-	<b>(536,116,561)</b>	<b>547,468,110</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	2,185,242	-	-	-	-	-	2,185,242	(47,703)	-	-	(50,864)	-	(98,567)	2,086,675
	<b>2,185,242</b>	-	-	-	-	-	<b>2,185,242</b>	<b>(47,703)</b>	-	-	<b>(50,864)</b>	-	<b>(98,567)</b>	<b>2,086,675</b>
<b>Investment properties</b>														
Investment property	181,101,311	-	-	-	-	-	181,101,311	-	-	-	-	(7,732,368)	(7,732,368)	173,368,943
	<b>181,101,311</b>	-	-	-	-	-	<b>181,101,311</b>	-	-	-	-	<b>(7,732,368)</b>	<b>(7,732,368)</b>	<b>173,368,943</b>
<b>Total</b>														
Land and buildings	60,108,903	92,325	-	-	-	-	60,201,228	(30,157,935)	-	-	(2,586,264)	-	(32,744,199)	27,457,029
Infrastructure	878,441,695	34,746,096	-	-	-	-	913,187,791	(416,377,481)	-	-	(22,846,039)	-	(439,223,520)	473,964,271
Community Assets	97,608,580	-	-	-	-	-	97,608,580	(52,658,688)	-	-	(3,307,912)	-	(55,966,600)	41,641,980
Other assets	17,286,097	104,584	-	-	-	(4,803,609)	12,587,072	(4,762,688)	48,220	(273,779)	(3,193,995)	-	(8,182,242)	4,404,830
Intangible assets	2,185,242	-	-	-	-	-	2,185,242	(47,703)	-	-	(50,864)	-	(98,567)	2,086,675
Investment properties	181,101,311	-	-	-	-	-	181,101,311	-	-	-	-	(7,732,368)	(7,732,368)	173,368,943
	<b>1,236,731,828</b>	<b>34,943,005</b>	-	-	-	<b>(4,803,609)</b>	<b>1,266,871,224</b>	<b>(504,004,495)</b>	<b>48,220</b>	<b>(273,779)</b>	<b>(31,985,074)</b>	<b>(7,732,368)</b>	<b>(543,947,496)</b>	<b>722,923,728</b>



Appendix D

**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
<b>Municipality</b>						
1,588,000	23,359,000	(21,771,000)	Executive & Council/Mayor and Council	15,053	10,874,127	(10,859,074)
108,895,115	88,802,074	20,093,041	Finance & Admin/Finance	117,242,356	87,070,110	30,172,246
203,000	5,207,000	(5,004,000)	Planning and Development/Economic Development/Plan	-	-	-
-	2,072,000	(2,072,000)	Health/Clinics	645	2,153,384	(2,152,739)
181,000	9,077,000	(8,896,000)	Comm. & Social/Libraries and archives	21,223,255	28,380,388	(7,157,133)
1,461,000	6,230,000	(4,769,000)	Housing	-	-	-
12,000	371,000	(359,000)	Sport and Recreation	5,377	45,794	(40,417)
5,608,000	4,969,000	639,000	Waste Water Management/Sewerage	7,676,204	1,028,007	6,648,197
8,752,000	14,180,000	(5,428,000)	Road Transport/Roads	-	5,052,597	(5,052,597)
25,267,000	17,320,000	7,947,000	Water/Water Distribution	21,131,807	19,301,631	1,830,176
67,792,000	51,101,649	16,690,351	Other/Air Transport	67,499,074	100,628,045	(33,128,971)
<b>219,759,115</b>	<b>222,688,723</b>	<b>(2,929,608)</b>		<b>234,793,771</b>	<b>254,534,083</b>	<b>(19,740,312)</b>
<b>Municipal Owned Entities</b>						
<b>Other charges</b>						
219,759,115	222,688,723	(2,929,608)	Municipality	234,793,771	254,534,083	(19,740,312)
<b>219,759,115</b>	<b>222,688,723</b>	<b>(2,929,608)</b>	<b>Total</b>	<b>234,793,771</b>	<b>254,534,083</b>	<b>(19,740,312)</b>

## Appendix E(1)

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013

	Current year 2013 Act. Bal. Rand	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	42,378,149	65,862,016	(23,483,867)	(35.7)	Rebates was provided
Service charges	112,172,950	99,636,186	12,536,764	12.6	More consumption than expected
Rental of facilities and equipment	533,113	346,000	187,113	54.1	Increase in tariff and number of tenants
Licences and permits	11,529,074	8,600,000	2,929,074	34.1	
Government Grants and Subsidies	50,833,185	48,973,392	1,859,793	3.8	
Administration and management fees received	1,135,833	-	1,135,833	-	
Fees earned	-	-	-	-	
Commissions received	37,916	-	37,916	-	
Demand charges	452,459	-	452,459	-	
Rental income	15,632	-	15,632	-	
Donation received	-	-	-	-	
Other income	1,484,186	1,087,148	397,038	36.5	More income received on Agency Services
Other income - Co	850,000	-	850,000	-	
Funding					
Town Planning Schemes	484,655	-	484,655	-	
Fines	4,055,795	1,650,000	2,405,795	145.8	Collection intensified
Interest received	6,330,152	9,525,000	(3,194,848)	(33.5)	Increase in consumer debt
	232,293,099	235,679,742	(3,386,643)	(1.4)	
Expenses					
Personnel	(63,889,473)	(74,555,309)	10,665,836	(14.3)	Vacant posts were not filled and resignations
Remuneration of councillors	(4,894,801)	(4,698,464)	(196,337)	4.2	
Depreciation	(31,985,073)	(3,500,000)	(28,485,073)	813.9	Assets were unbundled as per GRAP 17
Finance costs	(3,175,990)	-	(3,175,990)	-	

## Appendix E(1)

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Debt impairment	(34,770,337)	(2,890,223)	(31,880,114)	103.0 More debtors not payng
Repairs and maintenance - General	(8,632,301)	(10,365,391)	1,733,090	(16.7) Due to cash constrain, Less money was available to pend on repairs and maintenance
Bulk purchases	(60,018,986)	(58,370,851)	(1,648,135)	2.8
General Expenses	(47,167,125)	(77,025,952)	29,858,827	(38.8) Due to cash constrain, Less money was available to pend on general costs
	(254,534,086)	(231,406,190)	(23,127,896)	10.0
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	-	4,680,000	(4,680,000)	100.0 no assets were sold this financial year
Fair value adjustments	(7,732,368)	-	(7,732,368)	-
Gains or losses on biological assets and agricultural produce	758,154	-	758,154	-
	(6,974,214)	4,680,000	(11,654,214)	249.0
Net surplus/ (deficit) for the year	(29,215,201)	8,953,552	(38,168,753)	426.3

## Appendix E(2)

### Budget Analysis of Capital Expenditure as at 30 June 2013

	Original Budget Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
<b>Municipality</b>					
Executive & Council/Mayor and Council	-	-	-	-	
Finance & Admin/Finance	1,050,000	2,800,000	1,750,000	<b>63</b>	More money was required for asset unbundling projects
Planning and Development/Economic Development/Plan	590,000	370,000	(220,000)	<b>(59)</b>	Financial constrains
Comm. & Social/Libraries and archives	11,227,000	11,377,000	150,000	<b>1</b>	
Technical Services	13,127,000	12,727,000	(400,000)	<b>(3)</b>	
Electricity /Electricity Distribution	-	-	-	-	
	<b>25,994,000</b>	<b>27,274,000</b>	<b>1,280,000</b>	<b>5</b>	

#### Other charges

**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
		Sep	Dec	Mar	Sep	Dec	Mar	Jun				
Equitable Share	National Treasury	18,753,000	12,065,000	-	-	-	-	-	-	Late submission of AFS 2012	Yes	Problem with Financial System
MIG		11,246,000	5,107,000	-	(9,864,912)	(6,488,088)	-	-	-		Yes	
FMG	National Treasury	1,500,000	-	-	(1,315,789)	(184,211)	-	-	-		Yes	
MSIG	National Treasury	800,000	-	-	(800,000)	-	-	-	-		Yes	
DWARF	National Treasury	443,000	343,000	344,000	(388,597)	(397,403)	(344,000)	-	-		Yes	
		32,742,000	17,515,000	344,000	(12,369,298)	(7,069,702)	(344,000)	-	-			

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

**Appendix G1  
Budgeted Financial Performance (revenue and expenditure by standard classification)  
for the year ended June 30, 2013**

	2013/2012								2012/2011						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue - Standard</b>															
<b>Governance and administration</b>	<b>104,426,000</b>	<b>22,339,000</b>	<b>126,765,000</b>	-		<b>126,765,000</b>	<b>114,756,737</b>		<b>(12,008,263)</b>	<b>91 %</b>	<b>110 %</b>				<b>110,483,115</b>
Executive and council	-	-	-	-		-	15,053		15,053	DIV/0 %	DIV/0 %				1,588,000
Budget and treasury office	103,498,000	22,866,000	126,364,000	-		126,364,000	114,741,684		(11,622,316)	91 %	111 %				108,895,115
Corporate services	928,000	(527,000)	401,000	-		401,000	-		(401,000)	- %	- %				-
<b>Community and public safety</b>	<b>2,757,000</b>	<b>(357,000)</b>	<b>2,400,000</b>	-		<b>2,400,000</b>	<b>21,229,277</b>		<b>18,829,277</b>	<b>885 %</b>	<b>770 %</b>				<b>1,654,000</b>
Community and social services	26,000	-	26,000	-		26,000	5,377		(20,623)	21 %	21 %				12,000
Sport and recreation	160,000	(7,000)	153,000	-		153,000	-		(153,000)	- %	- %				-
Public safety	2,571,000	(350,000)	2,221,000	-		2,221,000	21,223,255		19,002,255	956 %	825 %				181,000
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				1,461,000
Health	-	-	-	-		-	645		645	DIV/0 %	DIV/0 %				-
<b>Economic and environmental services</b>	<b>11,220,000</b>	<b>(515,000)</b>	<b>10,705,000</b>	-		<b>10,705,000</b>	<b>-</b>		<b>(10,705,000)</b>	<b>- %</b>	<b>- %</b>				<b>8,955,000</b>
Planning and development	350,000	(90,000)	260,000	-		260,000	-		(260,000)	- %	- %				203,000
Road transport	10,870,000	(425,000)	10,445,000	-		10,445,000	-		(10,445,000)	- %	- %				8,752,000
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
<b>Trading services</b>	<b>94,869,000</b>	<b>5,622,000</b>	<b>100,491,000</b>	-		<b>100,491,000</b>	<b>96,307,085</b>		<b>(4,183,915)</b>	<b>96 %</b>	<b>102 %</b>				<b>98,667,000</b>
Electricity	68,654,000	174,000	68,828,000	-		68,828,000	57,157,747		(11,670,253)	83 %	83 %				67,792,000
Water	12,920,000	5,738,000	18,658,000	-		18,658,000	21,131,807		2,473,807	113 %	164 %				25,267,000
Waste water management	6,946,000	(290,000)	6,656,000	-		6,656,000	7,676,204		1,020,204	115 %	111 %				5,608,000
Waste management	6,349,000	-	6,349,000	-		6,349,000	10,341,327		3,992,327	163 %	163 %				-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>				<b>-</b>
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
<b>Total Revenue - Standard</b>	<b>213,272,000</b>	<b>27,089,000</b>	<b>240,361,000</b>	<b>-</b>		<b>240,361,000</b>	<b>232,293,099</b>		<b>(8,067,901)</b>	<b>97 %</b>	<b>109 %</b>				<b>219,759,115</b>

**Appendix G1  
Budgeted Financial Performance (revenue and expenditure by standard classification)  
for the year ended June 30, 2013**

	2013/2012								2012/2011						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>84,627,000</b>	<b>28,414,000</b>	<b>113,041,000</b>	-	-	<b>113,041,000</b>	<b>104,918,441</b>	-	<b>(8,122,559)</b>	<b>93 %</b>	<b>124 %</b>	-	-	-	<b>73,467,620</b>
Executive and council	12,265,000	584,000	12,849,000	-	-	12,849,000	10,874,127	-	(1,974,873)	85 %	89 %	-	-	-	10,874,127
Budget and treasury office	37,916,000	26,637,000	64,553,000	-	-	64,553,000	94,044,314	-	29,491,314	146 %	248 %	-	-	-	62,593,493
Corporate services	34,446,000	1,193,000	35,639,000	-	-	35,639,000	-	-	(35,639,000)	- %	- %	-	-	-	-
<b>Community and public safety</b>	<b>10,233,000</b>	<b>3,845,000</b>	<b>14,078,000</b>	-	-	<b>14,078,000</b>	<b>28,426,182</b>	-	<b>14,348,182</b>	<b>202 %</b>	<b>278 %</b>	-	-	-	<b>29,894,652</b>
Community and social services	8,373,000	(310,000)	8,063,000	-	-	8,063,000	-	-	(8,063,000)	- %	- %	-	-	-	45,794
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	1,860,000	4,155,000	6,015,000	-	-	6,015,000	28,380,388	-	22,365,388	472 %	1,526 %	-	-	-	27,698,416
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	45,794	-	45,794	DIV/0 %	DIV/0 %	-	-	-	2,150,442
<b>Economic and environmental services</b>	<b>26,093,000</b>	<b>(6,320,000)</b>	<b>19,773,000</b>	-	-	<b>19,773,000</b>	<b>19,552,660</b>	-	<b>(220,340)</b>	<b>99 %</b>	<b>75 %</b>	-	-	-	<b>9,541,046</b>
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	4,489,720
Road transport	6,261,000	(653,000)	5,608,000	-	-	5,608,000	5,052,597	-	(555,403)	90 %	81 %	-	-	-	5,051,326
Environmental protection	19,832,000	(5,667,000)	14,165,000	-	-	14,165,000	14,500,063	-	335,063	102 %	73 %	-	-	-	-
<b>Trading services</b>	<b>84,429,000</b>	<b>86,000</b>	<b>84,515,000</b>	-	-	<b>84,515,000</b>	<b>108,611,004</b>	-	<b>24,096,004</b>	<b>129 %</b>	<b>129 %</b>	-	-	-	<b>78,798,268</b>
Electricity	57,252,000	2,998,000	60,250,000	-	-	60,250,000	69,920,194	-	9,670,194	116 %	122 %	-	-	-	69,920,194
Water	18,508,000	(634,000)	17,874,000	-	-	17,874,000	19,301,631	-	1,427,631	108 %	104 %	-	-	-	7,850,067
Waste water management	495,000	738,000	1,233,000	-	-	1,233,000	1,028,007	-	(204,993)	83 %	208 %	-	-	-	1,028,007
Waste management	8,174,000	(3,016,000)	5,158,000	-	-	5,158,000	18,361,172	-	13,203,172	356 %	225 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>205,382,000</b>	<b>26,025,000</b>	<b>231,407,000</b>	-	-	<b>231,407,000</b>	<b>261,508,287</b>	-	<b>30,101,287</b>	<b>113 %</b>	<b>127 %</b>	-	-	-	<b>191,701,586</b>
<b>Surplus/(Deficit) for the year</b>	<b>7,890,000</b>	<b>1,064,000</b>	<b>8,954,000</b>	-		<b>8,954,000</b>	<b>(29,215,188)</b>		<b>(38,169,188)</b>	<b>(326)%</b>	<b>(370)%</b>				<b>28,057,529</b>

**Appendix G2  
Budgeted Financial Performance (revenue and expenditure)  
for the year ended June 30, 2013**

	2013/2012									2012/2011					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue By Source</b>															
Property rates	39,806,000	26,056,000	65,862,000	-		65,862,000	42,378,149		(23,483,851)	64 %	106 %				37,396,597
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	68,619,000	(664,000)	67,955,000	-		67,955,000	80,552,582		12,597,582	119 %	117 %				70,399,310
Service charges - water revenue	12,590,000	5,910,000	18,500,000	-		18,500,000	19,457,180		957,180	105 %	155 %				18,754,337
Service charges - sanitation revenue	6,646,000	-	6,646,000	-		6,646,000	6,495,433		(150,567)	98 %	98 %				6,475,452
Service charges - refuse revenue	6,304,000	-	6,304,000	-		6,304,000	5,667,755		(636,245)	90 %	90 %				5,946,877
Service charges - other	695,000	(464,000)	231,000	-		231,000	-		(231,000)	- %	- %				-
Rental of facilities and equipment	858,000	(512,000)	346,000	-		346,000	533,113		187,113	154 %	62 %				-
Interest earned - external investments	200,000	(175,000)	25,000	-		25,000	325,203		300,203	1,301 %	163 %				134,160
Interest earned - outstanding debtors	8,117,000	1,383,000	9,500,000	-		9,500,000	6,004,949		(3,495,051)	63 %	74 %				9,479,200
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	2,000,000	(350,000)	1,650,000	-		1,650,000	4,055,795		2,405,795	246 %	203 %				1,197,109
Licences and permits	8,600,000	-	8,600,000	-		8,600,000	11,529,074		2,929,074	134 %	134 %				8,540,490
Agency services	471,000	-	471,000	-		471,000	-		(471,000)	- %	- %				19,284,488
Transfers recognised - operational	48,258,000	715,000	48,973,000	-		48,973,000	50,833,185		1,860,185	104 %	105 %				37,396,597
Other revenue	5,427,000	(4,810,000)	617,000	-		617,000	4,460,681		3,843,681	723 %	82 %				4,754,498
Gains on disposal of PPE	4,680,000	-	4,680,000	-		4,680,000	-		(4,680,000)	- %	- %				-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>213,271,000</b>	<b>27,089,000</b>	<b>240,360,000</b>	<b>-</b>		<b>240,360,000</b>	<b>232,293,099</b>		<b>(8,066,901)</b>	<b>97 %</b>	<b>109 %</b>				<b>219,759,115</b>

**Appendix G2  
Budgeted Financial Performance (revenue and expenditure)  
for the year ended June 30, 2013**

	2013/2012								2012/2011						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Expenditure By Type</b>															
Employee related costs	67,823,000	(1,200,000)	66,623,000	-	-	66,623,000	63,704,011	-	(2,918,989)	96 %	94 %	-	-	-	61,212,037
Remuneration of councillors	2,765,000	-	2,765,000	-	-	2,765,000	4,894,801	-	2,129,801	177 %	177 %	-	-	-	4,702,571
Debt impairment	2,300,000	15,000	2,315,000		-	2,315,000	34,770,337	-	32,455,337	1,502 %	1,512 %	-	-	-	12,370,238
Depreciation & asset impairment	7,126,000	-	7,126,000		-	7,126,000	31,985,073	-	24,859,073	449 %	449 %	-	-	-	31,265,933
Finance charges	1,677,000	-	1,677,000	-	-	1,677,000	3,175,990	-	1,498,990	189 %	189 %	-	-	-	3,003,787
Bulk purchases	46,370,000	-	46,370,000	-	-	46,370,000	60,018,986	-	13,648,986	129 %	129 %	-	-	-	55,149,742
Other materials	5,664,000	-	5,664,000	-	-	5,664,000	8,632,301	-	2,968,301	152 %	152 %	-	-	-	10,534,918
Contracted services	18,811,000	-	18,811,000	-	-	18,811,000	5,060,984	-	(13,750,016)	27 %	27 %	-	-	-	-
Transfers and grants	7,620,000	-	7,620,000	-	-	7,620,000	-	-	(7,620,000)	- %	- %	-	-	-	-
Other expenditure	18,771,000	-	18,771,000	-	-	18,771,000	42,291,600	-	23,520,600	225 %	225 %	-	-	-	45,046,936
Fair Value Adjustment / Actuarial Gain/Loss	-	-	-	-	-	-	6,974,214	-	6,974,214	DIV/0 %	DIV/0 %	-	-	-	105,117
<b>Total Expenditure</b>	<b>178,927,000</b>	<b>(1,185,000)</b>	<b>177,742,000</b>	<b>-</b>	<b>-</b>	<b>177,742,000</b>	<b>261,508,297</b>	<b>-</b>	<b>83,766,297</b>	<b>147 %</b>	<b>146 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,391,279</b>
<b>Surplus/(Deficit)</b>	<b>34,344,000</b>	<b>28,274,000</b>	<b>62,618,000</b>	<b>-</b>		<b>62,618,000</b>	<b>(29,215,198)</b>		<b>(91,833,198)</b>	<b>(47)%</b>	<b>(85)%</b>				<b>(3,632,164)</b>
<b>Surplus/(Deficit) for the year</b>	<b>34,344,000</b>	<b>28,274,000</b>	<b>62,618,000</b>	<b>-</b>		<b>62,618,000</b>	<b>(29,215,198)</b>		<b>(91,833,198)</b>	<b>(47)%</b>	<b>(85)%</b>				<b>(3,632,164)</b>