Kopanong Local Municipality
Annual Financial statements
for the year ended 30 June 2013

General Information

Legal form of entity	Local Municipality
Municipal demarcation code	FS162
Nature of business and principal activities	Providing municipal services as set out in the Constitution
Mayoral committee	
Speaker	Masana ME
Chief Whip	Dlomo LK
Executive Mayor	Matwa X T
Councillors	Basholo PD Dlomo LK Hageman HM Koyana T Masana ME Matseo MD Matwa XT Phafudi TA Phepheng D Rigala LA Shebe H Smit B Sola LA Spogter NC Stuurman NI
Grading of local authority	3
Chief Finance Officer (CFO)	MJ Mekhoe
Accounting Officer	LY Moletsane(Me.)
Registered office	20 Louw Street Trompsburg 9913
Postal address	Private Bag X23 Trompsburg 9913
Bankers	First National Bank
Auditors	Auditor General of South Africa Supreme Audit Institution of South Africa
Attorneys	Bomela Attorneys

General Information

Relevant legislation	Basic Conditions of Employment Act (Act no. 75 of 1997) Division of Revenue Act Electricity Act (Act no. 41 of 1987) Employment Equity Act (Act. no. 55 of 1998) Housing Act (Act no. 107 of 1997) Income Tax Act (Act no 58 of 1962) Municipal Finance Management Act (Act no. 56 of 2003) Municipal Planning and Performance Management Regulations Municipal Property Rates Act (Act no. 6 of 2004) Municipal Structure Act (Act no. 117 of 1998) Municipal System Act (Act no. 32 of 2000) Skills Development Levies Act (Act no. 9 of 1999) South African Local Bargaining Council Regulations Supply Chain Management Regulation of 2005 Unemployment Insurance Act (Act no. 30 of 1996) Value-Added Tax Act (Act no. 89 of 1991) Water Services Act (Act no. 108 of 1997)

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

Accounting officer's Responsibilities and Approval

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

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

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

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

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

The financial statements set out on pages 5 to 55, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2013.

____

L.Y. Moletsane (Me.)

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012 Restated
Assets			
Current Assets			
Inventories	2	360 068	188 866
Other receivables from exchange transactions	4	230 669	6 408 591
Trade receivables from exchange transactions	3	23 462 951	7 099 983
Cash and cash equivalents	5	1 053 476	3 325 628
		25 107 164	**17 023 068**
Non-Current Assets			
Property, plant and equipment	6	1 222 091 923	1 264 440 237
Total Assets		**1 247 199 087**	**1 281 463 305**
Liabilities			
Current Liabilities			
Current portion of long-term borrowing	10	232 201	258 655
Finance lease obligation	11	-	397 470
Trade and other payables from exchange transactions	9	99 542 073	81 747 000
VAT payable	13	1 272 955	3 218 359
Consumer deposits	7	2 139 832	1 359 627
Current portion of unspent conditional grants and receipts	12	361 117	1 937 542
Bank overdraft	5	-	5 884 094
		103 548 178	**94 802 747**
Non-Current Liabilities			
Long-term borrowing	10	1 841 384	2 073 585
Retirement benefit obligation	40	6 684 000	6 192 000
Non- current provisions	8	25 071 666	27 826 426
		33 597 050	**36 092 011**
Total Liabilities		**137 145 228**	**130 894 758**
Assets		1 247 199 087	1 281 463 305
Liabilities		(137 145 228)	(130 894 758)
Net Assets		**1 110 053 859**	**1 150 568 547**
Net Assets			
Accumulated surplus		1 110 053 859	1 150 568 547

Kopanong Local Municipality
Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012 Restated
Revenue			
Revenue from exchange transactions			
Sale of goods & rendering of Services		1 841 210	237 947
Service charges	21	68 489 944	65 407 883
Rental of facilities and equipment		283 243	744 794
Revenue from non-exchange transactions			
Property rates	20	9 856 534	7 538 797
Government grants and subsidies	19	142 080 775	111 411 693
Fines, penalties and Forfeits		244 676	87 610
	14	**222 796 382**	**185 428 724**
Other income			
Rental income		895 762	321 901
Sundry Income		454 221	108 861
Interest received	15	6 512 616	5 645 227
Fair value adjustments		3 697 760	-
		11 560 359	**6 075 989**
Operating expenses			
Administration and management fees	16	(5 062 668)	(601 776)
Advertising		(198 007)	(457 862)
Assets expensed		(374 795)	-
Auditors remuneration		(4 005 828)	(3 809 374)
Bad debts	23	(13 313 175)	(72 909 088)
Bank charges		(397 400)	(311 476)
Bulk purchases	22	(55 549 222)	(51 391 006)
Chemicals		(944 556)	(2 453 017)
Cleaning		(54 718)	(48 742)
Commission paid		(1 530 507)	(586 884)
Community development and training		(428 866)	-
Consumables		(120)	(6 522)
Depreciation, amortisation and impairments	39	(77 864 861)	(63 119 548)
Employee costs	24	(79 056 684)	(68 772 822)
Remuneration of Councillors	26	(3 494 534)	(3 459 749)
Entertainment		(116 237)	(151 496)
Insurance		(504 356)	(662 188)
Lease rentals on operating lease		(675 833)	(203 924)
Legal expenses		(289 825)	(761 870)
Other expenses		(10 939 308)	(8 590 242)
Petrol and oil		(1 579 154)	(1 266 592)
Postage		(10 041)	(43 669)
Printing and stationery		(425 152)	(442 994)
Protective clothing		(100 478)	(204 474)
Repairs and maintenance		(4 932 451)	(3 850 248)
Royalties and license fees		(83 389)	(81 663)
Software expenses		(98 874)	(195 957)
Subscriptions		(458 850)	(356 436)

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012 Restated
Telephone and fax		(1 627 531)	(1 900 989)
Training		(68 234)	(636 383)
Transport and freight		(143 367)	(34 096)
Travel - local		(1 546 325)	(1 073 232)
Departmental costs		(7 323 977)	(6 213 974)
		(273 199 323)	**(294 598 293)**
Operating deficit		**(38 842 582)**	**(103 093 580)**
Finance costs	16	(5 054 431)	(5 934 950)
Fair value adjustments		-	(1 223 416)
		(5 054 431)	**(7 158 366)**
Deficit for the year		**(43 897 013)**	**(110 251 946)**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets Restated
Opening balance as previously reported	665 450 564	665 450 564
Adjustments		
Correction of errors	595 210 674	595 210 674
Balance at 01 July 2011 as restated	**1 260 661 238**	**1 260 661 238**
Changes in net assets		
Prior year errors directly in equity	159 255	159 255
Net income (losses) recognised directly in net assets	159 255	159 255
Surplus for the year	(110 251 946)	(110 251 946)
Opening balance as previously reported adjustments	648 477 348	648 477 348
Correction of errors - Note 17	501 931 944	501 931 944
Balance at 01 July 2012 as restated	**1 150 409 292**	**1 150 409 292**
Changes in net assets		
Adjustment to Centlec loan	258 655	258 655
Centlec loss	3 308 054	3 308 054
Write-off unknown debtors	(25 129)	(25 129)
Net income (losses) recognised directly in net assets	3 541 580	3 541 580
Surplus for the year	(43 897 013)	(43 897 013)
Total recognised income and expenses for the year	(40 355 433)	(40 355 433)
Balance at 30 June 2013	**1 110 053 859**	**1 110 053 859**

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services		82 230 201	185 828 489
Grants		134 301 961	-
Interest income		6 512 616	5 645 227
		223 044 778	**191 473 716**
Payments			
Employee costs		(82 551 218)	(70 944 822)
Suppliers		(100 034 143)	(63 508 216)
Finance costs		(5 054 431)	(5 934 950)
Other cash item		316 083	(6 605 539)
		(187 323 709)	**(146 993 527)**
Total receipts		223 044 778	191 473 716
Total payments		(187 323 709)	(146 993 527)
Net cash flows from operating activities	18	**35 721 069**	**44 480 189**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(35 675 549)	(35 761 530)
Proceeds from sale of property, plant and equipment	6	524 788	-
Net movement in financial assets		3 697 760	(1 223 416)
Net cash flows from investing activities		**(31 453 001)**	**(36 984 946)**
Cash flows from financing activities			
Repayment of current portion of long-term borrowing		(258 655)	(7 778 330)
Finance lease payments		(397 470)	-
Net cash flows from financing activities		**(656 125)**	**(7 778 330)**
Net increase/(decrease) in cash and cash equivalents		**3 611 943**	**(283 087)**
Cash and cash equivalents at the beginning of the year		(2 558 466)	(2 275 379)
Cash and cash equivalents at the end of the year	5	**1 053 477**	**(2 558 466)**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	2 461 359	-	**2 461 359**	1 841 210	**(620 149)**	
Service charges	69 205 083	-	**69 205 083**	68 489 944	**(715 139)**	38
Rental of facilities and equipment	1 019 999	-	**1 019 999**	283 243	**(736 756)**	
Membership fees	426	-	**426**	-	**(426)**	
Rental income	117 688	(1)	**117 687**	895 762	**778 075**	
Sundry income	160 086	(1)	**160 085**	454 221	**294 136**	
Interest	4 168 765	-	**4 168 765**	6 512 616	**2 343 851**	38
Total revenue from exchange transactions	**77 133 406**	**(2)**	**77 133 404**	**78 476 996**	**1 343 592**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	13 621 196	-	**13 621 196**	9 856 534	**(3 764 662)**	38
Government grants & subsidies	81 683 685	2 800 000	**84 483 685**	142 080 775	**57 597 090**	38
Transfer revenue						
Fines	123 282	-	**123 282**	244 676	**121 394**	
Total revenue from non-exchange transactions	**95 428 163**	**2 800 000**	**98 228 163**	**152 181 985**	**53 953 822**	
Total revenue	**172 561 569**	**2 799 998**	**175 361 567**	**230 658 981**	**55 297 414**	
Expenditure						
Personnel	(69 122 672)	1 450 685	**(67 671 987)**	(79 056 684)	**(11 384 697)**	38
Remuneration of councillors	(4 510 000)	1 170 000	**(3 340 000)**	(3 494 534)	**(154 534)**	
Administration	(4 411 542)	500 000	**(3 911 542)**	(5 062 668)	**(1 151 126)**	38
Depreciation and amortisation	(7 311 885)	(35 000 000)	**(42 311 885)**	(77 864 861)	**(35 552 976)**	38
Finance costs	(359 009)	(70 000)	**(429 009)**	(5 054 431)	**(4 625 422)**	38
Debt impairment	(10 392 512)	(7 558 804)	**(17 951 316)**	(13 313 175)	**4 638 141**	38
Repairs and maintenance	(8 410 109)	36 736	**(8 373 373)**	(4 932 451)	**3 440 922**	38
Bulk purchases	(48 592 966)	(1 800 000)	**(50 392 966)**	(55 549 222)	**(5 156 256)**	38
General Expenses	(26 490 487)	3 305 388	**(23 185 099)**	(33 925 728)	**(10 740 629)**	38
Total expenditure	**(179 601 182)**	**(37 965 995)**	**(217 567 177)**	**(278 253 754)**	**(60 686 577)**	
Operating deficit	**(7 039 613)**	**(35 165 997)**	**(42 205 610)**	**(47 594 773)**	**(5 389 163)**	
Fair value adjustments	(265 000)	165 000	**(100 000)**	3 697 760	**3 797 760**	
Deficit before taxation	**(7 304 613)**	**(35 000 997)**	**(42 305 610)**	**(43 897 013)**	**(1 591 403)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(7 304 613)**	**(35 000 997)**	**(42 305 610)**	**(43 897 013)**	**(1 591 403)**	

Accounting Policies

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.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating surplus note.

Fair value estimation

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 municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the statement of financial performance. The municipality does not hold any assets with the primary objective to generate a commercial return. Therefore, the municipality has assessed all assets as being non cash generating and has assessed impairment based on GRAP 21 Impairment of non-cash generating assets.

Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

Accounting Policies

Effective interest rate

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

Allowance for doubtful debts

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

1.2 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.

1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

Accounting Policies

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

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

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

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

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

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

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

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

Subsequent measurement

Property, plant and equipment are depreciated on a straight line basis over their expected useful lives to their estimated residual value. Land is not depreciated as it is deemed to have an indefinite useful life.

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

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 different and a useful life that is significantly different in relation to the total cost and useful life of the item is depreciated separately.

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. 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 cash flow statement

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

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	**Average useful life**
Land	None
Furniture and fixtures	1 - 10 years
Motor vehicles	7 - 20 years
Office equipment	3 - 5 years
IT equipment	5 years
Computer software	3 - 5 years
Electricity	3 - 100 years
Roads	5 - 100 years
Water and sanitation	10 - 100 years

1.4 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through surplus or deficit - held for trading
- Financial assets at fair value through surplus or deficit
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through surplus or deficit - held for trading
- Financial liabilities at fair value through surplus or deficit.
- 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.

Financial assets classified as at fair value through surplus or deficit which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:
- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Accounting Policies

No other reclassifications may be made into or out of the fair value through surplus or deficit category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

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.

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

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit exclude dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

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

Held-to-maturity investments 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.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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.

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.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. 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.

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 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.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment'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 investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

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;
- 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.

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.

1.5 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 future minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.
Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between finance cost and capital repayment using the effective interest rate method. The accounting policies relating to derecognition of financial instrument are applied to lease payables. The lease asset is depreciated over the shorter of the assets useful or the lease term.

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 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.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

The expected cost of leave, bonus and long service bonus payments are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity’s obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

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.

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.

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

1.7 Provisions and contingencies

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

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

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

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.

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.

Contingent assets and contingent liabilities are not recognised.

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, a 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.

1.8 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

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 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.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

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

1.9 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.

Fines

Revenue from the issuing of fines 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.

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-imbursement 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.

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.

1.10 Investment income

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

1.11 Comparative figures

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

1.12 Unauthorised expenditure

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

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

1.13 Fruitless and wasteful expenditure

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

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

1.14 Irregular expenditure

Irregular expenditure 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.

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.

1.15 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.

1.16 Offsetting

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

1.17 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.

1.18 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 an 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:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) 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.

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.

1.19 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.

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.

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.:

1.20 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.21 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:

1.22 Share capital / contributed capital

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

1.23 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.

1.24 Budget information

Municipality 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 2012-07-01 to 2013-06-30.

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

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

2. Inventories

Figures in Rand	2013	2012 Restated
Game	7 300	7 000
Stationery	116 100	138 596
Water	236 668	43 270
	360 068	**188 866**

3. Trade receivables from exchange transactions

Figures in Rand	2013	2012 Restated
Gross balances		
Electricity	15 412 971	368 177
Housing rental	3 631 443	3 434 170
Rates	15 062 196	14 797 103
Refuse	21 811 951	17 912 832
Sewerage	29 736 221	24 400 828
Water	21 481 228	17 738 148
Sundry debtors	2 549 204	2 660 277
	109 685 214	**81 311 535**
Less: Allowance for impairment		
Rates	(12 033 262)	(10 942 612)
Water	(20 146 558)	(17 128 608)
Sewerage	(29 421 674)	(23 877 689)
Refuse	(21 594 093)	(17 571 876)
Housing rental	(2 994 126)	(3 373 698)
Sundry Debtors	(32 550)	(1 317 069)
	(86 222 263)	**(74 211 552)**
Net balance		
Electricity	15 412 971	368 177
Housing rental	637 317	60 472
Sundry Debtors	2 516 654	1 343 208
Rates	3 028 934	3 854 491
Refuse	217 858	340 956
Sewerage	314 547	523 139
Water	1 334 670	609 540
	23 462 951	**7 099 983**

Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	15 062 196	14 797 103
Allowance for impairment	(12 033 262)	(10 942 612)
Net balance	**3 028 934**	**3 854 491**

Figures in Rand	2013	2012 Restated
Electricity		
Ageing not available	15 412 971	368 177
Housing rental		
Current -60 days)	663 887	234 317
31 - 60 days	47 031	-
61 - 90 days	46 747	105 676
91 - 120 days	42 560	91 153
120 + days	2 831 218	3 003 024
less: Provision for impairment	(2 994 126)	(3 373 698)
	637 317	**60 472**
Refuse		
Current (0 -30 days)	696 474	1 222 211
31 - 60 days	560 880	-
61 - 90 days	523 848	551 211
91 - 120 days	507 438	475 458
120 + days	19 523 311	15 663 952
less: Provision for impairment	(21 594 093)	(17 571 876)
	217 858	**340 956**
Sewerage		
Current (0 -30 days)	946 685	1 664 893
31 - 60 days	772 980	-
61 - 90 days	720 426	750 859
91 - 120 days	700 674	647 668
120 + days	26 595 456	21 337 408
less: Provision for impairment	(29 421 674)	(23 877 689)
	314 547	**523 139**
Water		
Current (0 -30 days)	2 104 404	1 210 292
31 - 60 days	877 536	-
61 - 90 days	630 726	545 836
91 - 120 days	650 222	470 822
120 + days	17 218 340	15 511 198
less: Provision for impairment	(20 146 558)	(17 128 608)
	1 334 670	**609 540**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(74 211 552)	(51 154 642)
Contributions to allowance	(20 047 523)	(23 056 910)
Debt impairment written off against allowance	8 036 812	-
	(86 222 263)	**(74 211 552)**

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

Fair value determination

Normal credit terms of the municipality include a 30 days interest free period. Hence debtors have been fair valued by discounting the balance owing for less than 30 days using a prime interest rate of 8, 5%.

	2013	2012 Restated
Rates		
Unallocated receipts on service charges at 30 June 2011	1 016 878	1 009 621
31 - 60 days	398 964	455 334
61 - 90 days	374 624	392 758
91 - 120 days	13 271 730	12 939 389
Less: Provision for bad debt impairment	(12 033 262)	(10 942 611)
	3 028 934	**3 854 491**
Sundry Debtors		
Ageing not available	2 516 654	1 343 208
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	2 411 621	-
31 - 60 days	2 092 233	-
61 - 90 days	1 848 661	-
91 - 120 days	71 603 925	-
	77 956 440	-
Less: Allowance for impairment	(76 536 945)	-
	1 419 495	**-**
Industrial/ commercial		
Current (0 -30 days)	543 916	-
31 - 60 days	241 932	-
61 - 90 days	200 412	-
91 - 120 days	7 951 806	-
	8 938 066	
\		
Less: Allowance for impairment	(7 545 392)	-
	1 392 674	**-**
National and provincial government		
Current (0 -30 days)	105 014	-
31 - 60 days	70 566	-
61 - 90 days	35 718	-
91 - 120 days	2 329 428	-
	2 540 726	-
Less: Allowance for impairment	(2 139 925)	-
	400 801	**-**
Total		
Current (0 -30 days)	3 060 552	-
31 - 60 days	2 404 731	-
61 - 90 days	2 084 793	-
91 - 120 days	98 214 311	-
	105 764 387	-
Less: Allowance for impairment	(82 301 436)	-
	23 462 951	**-**

All debtor accounts with a balance outstanding for more than 90 days, is then flagged as dubious.

The last 3 months' payments and levies of these individual accounts are then examined as follows, to determine whether to impair, or

1. If the payments for the last 3 months do not exceed the levies, then the total debt is impaired, because the debtor cannot even repay current debt, let alone long-outstanding debt.

2. If the payments for the last 3 months exceed the levies, but it does not repay at least 10% of the 90 day+ debt, then the total debt is impaired, because the debtor cannot repay long-outstanding debt.

4. Other receivables from exchange transactions

Other Receivables	64 384	6 241 638
Leave debtors	166 285	166 953
	230 669	**6 408 591**

Fair value determination

Normal credit terms of the municipality include a 30 days interest free period. Hence debtors have been fair valued by discounting the balance owing for less than 30 days using a prime interest rate of 8, 5%.

Receivables impaired

Receivables were impaired in accordance to the likelihood of non-recoverability, which in turn was based on the days outstanding. This was done practically by implementing a risk matrix which assigns deferent risk levels to debtors on the basis of their oldest debt. Each level of risk was then impaired partially accordingly.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash on hand	30 084	22 084
Bank balances	722 290	331 408
Short-term deposits	301 102	2 972 136
Bank overdraft	-	(5 884 094)
	1 053 476	**(2 558 466)**
Current assets	1 053 476	3 325 628
Current liabilities	-	(5 884 094)
	1 053 476	**(2 558 466)**

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2013	30 June 2012	30 June 2011	Cash book balances 30 June 2013	30 June 2012	30 June 2011
FNB - Business cheque account - 6202 195 027 6	568 680	(5 884 094)	(8 609 184)	568 680	(5 890 357)	(10 272 547)
Standard Bank - Business cheque account - 04 191 730 8	47 115	60 238	44 601	47 115	60 238	44 601
ABSA - Business cheque account - 246 014 2140	61 150	74 038	61 686	61 150	74 038	61 687
Post - Bank Current account-00088133677	45 345	197 132	-	45 345	197 132	-
Total	**722 290**	**(5 552 686)**	**(8 502 897)**	**722 290**	**(5 558 949)**	**(10 166 259)**

6. Property, plant and equipment

	2013			2012		
	Cost Valuation	/Accumulated depreciation and accumulated impairment	Carrying value	Cost Valuation	/Accumulated depreciation and accumulated impairment	Carrying value
Buildings	477 735 947	(108 447 880)	369 288 067	475 059 415	(86 505 218)	388 554 197
Infrastructure	1 535 155 455	(690 018 163)	845 137 292	1 503 379 164	(635 759 057)	867 620 107
Other property, plant and equipment	11 005 686	(3 339 122)	7 666 564	10 307 159	(2 041 226)	8 265 933
Total	**2 023 897 088**	**(801 805 165)**	**1 222 091 923**	**1 988 745 738**	**(724 305 501)**	**1 264 440 237**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	388 554 197	2 676 531	-	(21 942 661)	369 288 067
Infrastructure	867 620 107	31 775 703	-	(54 258 518)	845 137 292
Other property, plant and equipment	8 265 933	1 223 315	(524 788)	(1 297 896)	7 666 564
	1 264 440 237	**35 675 549**	**(524 788)**	**(77 499 075)**	**1 222 091 923**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Buildings	401 383 552	-	(12 829 355)	388 554 197
Infrastructure	881 704 722	35 359 223	(49 443 838)	867 620 107
Other property, plant and equipment	8 935 198	402 307	(1 071 572)	8 265 933
	1 292 023 472	**35 761 530**	**(63 344 765)**	**1 264 440 237**

7. Consumer deposits

	2013	2012
Rates, water and refuse	2 139 502	1 359 627
Housing rental	330	-
	2 139 832	**1 359 627**

Reconciliation of non-current provisions - 2013

	Opening Balance	Additions	Reversed during the year	Total
Provision for Landfill Site rehabilitation	23 820 426	-	(3 697 760)	20 122 666
Provision for Long Service Bonus	4 006 000	943 000	-	4 949 000
	27 826 426	**943 000**	**(3 697 760)**	**25 071 666**

Reconciliation of non-current provisions - 2012

	Opening Balance	Additions	Total
Provision for Landfill sites	23 820 426	-	23 820 426
Long Service Bonus	732 849	3 273 151	4 006 000
	24 553 275	**3 273 151**	**27 826 426**

The rehabilitation requirements as per the Minimum Requirements for Waste Disposal by Landfill (DWAF, 1998), creates an obligation for the Municipality for future expenditure which is provided for.

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

9. Trade and other payables from exchange transactions

Trade payables	82 865 709	62 993 019
Bethulie housing projects	14 665	14 665
Centlec	-	6 516 124
Unallocated Deposits	1 492 428	1 841 913
Annual bonus provision	2 096 715	1 753 052
Leave accrual	5 716 605	2 341 602
Debtors payments in advance	7 355 952	6 286 624
	99 542 073	81 747 000

10. Other financial liabilities

At amortised cost		
Mangaung 2 Kopanong replacement of propriety meters	20 035	40 069
Mangaung 3 Road and public area lighting projects	93 195	100 961
Mangaung 4 Replacement of domestic/commercial meters	64 478	96 716
Mangaung 5 Upgrading low voltage network	446 886	491 575
Mangaung 6 Kopanong ext. upgrade and improvement of low voltage network	168 343	183 647
Mangaung 7 Kopanong electrification	199 104	217 205
Mangaung 8 kopanong highmast lighting	116 338	127 972
Managaung 9 kopanong high mast lights	264 179	288 195
Managaung 10 toyota hi-lux 2.4 d ldv csl 755 fs fleet 8012	-	13 227
Mangaung 11 Toyota hi-lux 2.4 d ldv csl 758 fs fleet 8008	-	13 227
Mangaung 12 Improvement of low voltage network	701 027	759 446
	2 073 585	**2 332 240**
Total other financial liabilities	**2 073 585**	**2 332 240**
Non-current liabilities		
At amortised cost	1 841 384	2 073 585
Current liabilities		
At amortised cost	232 201	258 655

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

11. Finance lease obligation

Minimum lease payments due		
- within one year	-	526 322
	-	526 322
less: future finance charges	-	(128 853)
Present value of minimum lease payments	**-**	**397 469**
Present value of minimum lease payments due		
- within one year	-	397 470

The municipality's obligations under finance leases are finished.

2. Current portion of Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure grant	(796 967)	71 693
Municipal Systems Improvement Grant	-	790 000
Library Grant	-	27 894
Arts and craft grant (Dept. of Sports and Culture)	500 000	500 000
Department of Minerals and Energy	1 907 556	59 589
Bulk Water DWA	(2 745 264)	(150 153)
Survey of even grant (COGTA)	-	78 082
Sport facilities grant (National Lottery)	301 981	301 981
Commonage grant (DBSA)	26 171	26 171
SITA grant	-	-
Financial management grant	-	-
Water Operating Grant	1 163 355	-
Sludge Pump (COGTA)	4 285	4 285
Expanded Public Works Programme	-	228 000
	361 117	**1 937 542**

13. VAT payable

VAT payables	1 272 955	3 218 359

14. Revenue

Sale of goods	1 841 210	237 947
Rendering of services	-	2 339 222
Service charges	68 489 944	63 068 661
Rental of facilities and equipment	283 243	744 794
Rental income	895 762	321 901
Sundry Income	454 221	108 861

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated
Interest received - investment	6 512 616	5 645 227
Property rates	9 856 534	7 538 797
Government grants & subsidies	142 080 775	111 411 693
Fines	244 676	87 610
	230 658 981	**191 504 713**

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

Sale of goods	1 841 210	237 947
Service charges	68 489 944	63 068 661
Rendering of services	-	2 339 222
Other revenue	283 243	744 794
Rental income	895 762	321 901
Other income	454 221	108 861
Interest received - investment	6 512 616	5 645 227
	78 476 996	**72 466 613**

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

Taxation revenue		
Property rates	9 856 534	7 538 797
Transfer revenue		
Government grants & subsidies	142 080 775	111 411 693
Fines	244 676	87 610
	152 181 985	**119 038 100**

15. Investment revenue

Interest revenue		
Bank	589 238	454 281
Interest charged on trade and other receivables	5 923 378	5 190 946
	6 512 616	**5 645 227**

16. Finance costs

Bank	135 313	195 234
Long-term loans	-	259 090
Other interest paid	4 919 118	5 480 626
	5 054 431	**5 934 950**

17. Prior period errors

The following errors occurred in relation to the prior financial year which necessitated correction in the current financial year. The errors were corrected retrospectively in terms of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

1. Consumer debtors

Property rates impairment was restated based on an assessment per customer in accordance with GRAP 104, IAS32, IAS39 and IFRS 7. This impacted consumer debtor's balance.

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

2. Property plant and equipment, Investment property and heritage assets
The municipality implemented a new asset register during the year under audit. This resulted in changes in valuation and classification of all assets.

3. Retirement benefit obligation and long service bonus

the municipality appointed actuaries to re-assess the retirement benefit obligation in accordance with GRAP 25 and long service bonus provision in accordance with GRAP 19. This resulted in changes in values of the obligation and the provision.

Statement of financial position		
Property, plant and equipment	-	565 059 236
Investment Property	-	(9 491 880)
Other receivables from exchange transactions	-	49 801
Trade Receivables from exchange transactions	-	7 328 964
Heritage assets	-	(3 447 120)
Accumulate surplus	-	501 931 944
Trade and other payables	-	5 859 975
Provisions	-	(4 006 000)
Retirement benefits Obligation	-	11 932 543
Statement of Financial Performance		
Operating surplus	-	(71 352 908)

18. Cash generated from operations

Deficit	(43 897 013)	(110 251 946)
Adjustments for:		
Depreciation and amortisation	77 864 861	63 119 548
Fair value adjustments	-	1 223 416
Debt impairment	13 313 175	72 909 088
Movements in retirement benefit assets and liabilities	492 000	(11 932 543)
Movements in provisions	(2 754 760)	3 248 064
Other non-cash items	(681 221)	111 248 423
Changes in working capital:		
Inventories	(171 202)	-
Other receivables from exchange transactions	6 177 922	-
Consumer debtors	(29 676 143)	(77 397 969)
Trade and other payables from exchange transitions	17 795 074	(7 685 892)
VAT	(1 945 404)	-
Current portion of Unspent conditional grants and receipts	(1 576 425)	-
Consumer deposits	780 205	-
	35 721 069	**44 480 189**

19. Government grants and subsidies

Equitable share	91 177 579	81 637 000
Conditional grants	50 903 196	29 774 693
	142 080 775	**111 411 693**

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

Conditional and Unconditional

Included in above are the following grants and subsidies received:

1. Arts and craft grant (Dept. of Sports and Culture)

Balance unspent at beginning of year	500 000	500 000

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

2. COGTA grant - paid Auditor General

Balance unspent at beginning of year	-	27 894
Current-year receipts	2 314 781	3 088 977
Conditions met - transferred to revenue	(2 314 781)	(3 116 871)
	-	**-**

3. Commonage Grant (DBSA)

Balance unspent at beginning of year	26 171	26 171

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

4. Equitable Share

Current-year receipts	85 634 000	88 546 000

n terms of the Constitution of the Republic of South Africa, No. 108 of 1996, this grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. No significant decrease is expected in the level of this grant.

5. Financial help (COGTA)

Current-year receipts	2 884 413	4 300 000
Conditions met - transferred to revenue	(2 884 413)	(4 300 000)
	-	**-**

6. Department of Minerals and Energy

Balance unspent at beginning of year	59 589	115 827
Current-year receipts	4 000 000	800 000
Conditions met - transferred to revenue	(2 152 033)	(856 238)
	1 907 556	**59 589**

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

Figures in Rand	2013	2012 Restated

7. Sludge Pump (COGTA)

Balance unspent at beginning of year	4 285	4 285

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

8. Bulk Water DWA

Balance unspent at beginning of year	377 876	(1 373 056)
Current-year receipts	9 522 683	9 015 561
Conditions met - transferred to revenue	(12 645 823)	(7 264 629)
	(2 745 264)	**377 876**

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

9. Expanded Public Works Programme

Balance unspent at beginning of year	228 000	-
Current-year receipts	1 000 000	228 000
Conditions met - transferred to revenue	(1 228 000)	-
	-	**228 000**

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

10. Water Operating Grant – DWA

Current-year receipts	2 710 000	-
Conditions met - transferred to revenue	(1 548 645)	-
	1 161 355	-

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

11. Financial management grant

Current-year receipts	1 500 000	1 450 000
Conditions met - transferred to revenue	(1 500 000)	(1 450 000)
	-	**-**

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

12. Library grant

Balance unspent at beginning of year	27 894	-
Current-year receipts	115 000	100 000
Conditions met - transferred to revenue	(142 894)	(72 106)
	-	**27 894**

13. Municipal infrastructure grant

Balance unspent at beginning of year	71 694	166 219
Current-year receipts	23 521 000	19 390 000
Conditions met - transferred to revenue	(24 389 660)	(19 484 525)
	(796 966)	**71 694**

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

14. Sport facilities grant (National Lottery)

Balance unspent at beginning of year	301 981	301 981

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

15. SITA grant

16.

Current-year receipts	428 866	33 193
Conditions met - transferred to revenue	(428 866)	(33 193)
	-	**-**

17. Survey of even (COGTA)

Balance unspent at beginning of year	78 082	78 082
Conditions met - transferred to revenue	(78 082)	-
	-	**78 082**

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

18. Municipal Systems Improvement Grant

Balance unspent at beginning of year	790 000	790 000
Current-year receipts	800 000	-
Conditions met - transferred to revenue	(1 590 000)	-
	-	**790 000**

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

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

20. Property rates

Rates received		
Residential	9 856 534	7 538 797

Valuations		
Church	20 624 000	20 624 000
Commercial	102 462 884	102 462 884
Empty site, no tariff and municipal property	204 831 354	204 831 354
Hospital	409 000	409 000
Residential	628 780 901	628 780 901
School	50 830 000	50 830 000
Small holdings and farms	2 482 316 000	2 482 316 000
Less: Income forgone	154 458 672	154 458 672
	3 644 712 811	**3 644 712 811**

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

21. Service charges

Refuse removal	6 919 280	6 335 715
Sale of electricity- Centlec	43 646 200	39 976 503
Sale of water	8 428 566	7 977 718
Sewerage and sanitation charges	9 495 898	8 778 725
	68 489 944	**63 068 661**

22. Bulk purchases

Electricity	35 204 945	32 542 771
Water	20 344 277	18 848 235
	55 549 222	**51 391 006**

23. Debt impairment

Contributions to debt impairment provision	13 313 175	72 909 088

Figures in Rand	2013	2012 Restated

24. Employee related costs

Basic	49 289 719	46 763 460
Bonus	4 213 823	3 465 044
Bonus provision	343 664	789 214
Car allowance	3 752 062	3 484 662
Housing benefits and allowances	110 531	105 136
Leave pay provision charge	3 911 415	(342 514)
Long-service awards	1 008 507	417 000
Long-term benefits - incentive scheme	-	788 297
Medical aid	3 973 927	3 142 658
Other allowances	387 670	339 859
Overtime payments	1 831 087	1 396 236
Pension fund contributions	8 772 443	7 019 165
Leave provision	33 338	23 157
SDL	570 745	540 069
Telephone allowance	393 743	423 692
UIF	464 010	417 687
	79 056 684	**68 772 822**

Remuneration of Municipal Manager

Basic	592 477	515 552
Bonus	-	69 013
Leave pay	8 364	108 793
Travel allowance	269 242	273 381
Cell phone allowance	600	3 600
Back pay	7 521	7 495
Contributions to UIF, Medical and Provident Fund	25 322	20 459
	903 526	**998 293**

Remuneration of Chief Finance Officer

Basic	556 249	400 627
Bonus	45 705	6 941
Back pay	-	4 350
Travel allowance	36 000	40 667
Leave payment	-	59 966
Contributions to UIF, Medical and Provident Fund	153 375	6 562
	791 329	**519 113**

Remuneration of Head Technical Services

Basic	375 000	399 857
Bonus	-	30 989
Salary correction	-	46 353
Back pay	-	9 165
Travel allowance	218 750	192 470
Contributions to UIF, Medical and Provident Fund	1 487	31 802
	595 237	**710 636**

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

Remuneration of Head Corporate Services

Basic	473 479	399 857
Bonus	-	30 989
Salary correction	-	61 378
Back pay	-	5 813
Travel allowance	87 438	209 647
Leave payment	-	61 661
Contributions to UIF, Medical and Provident Fund	97 919	18 078
	658 836	**787 423**

Remuneration of Head Community Services

Basic	-	400 607
Bonus	-	30 989
Salary correction	-	57 943
Back pay	-	5 813
Car allowance	-	177 756
Housing allowance	-	9 786
Leave payment	-	55 171
Contributions to UIF, Medical and Provident Fund	-	31 802
	-	**769 867**

25. General expenses

Advertising	198 007	457 862
Audit fees	4 005 828	3 809 374
Bank charges	397 400	311 476
Audit fees	54 718	48 742
Commission vendors	1 530 507	586 884
Legal fees and relating interest	289 825	761 870
Consumables	120	6 522
Entertainment	116 237	151 496
Insurance	504 356	662 188
Community development and training	428 866	-
Rental expenses	675 833	203 924
Fuel and oil	1 579 154	1 266 592
Postage and stamps	10 041	43 669
Legal fees and relating interest	425 152	442 994
License fees	100 478	204 474
License fees	83 389	81 663
Software licenses	98 874	195 957
Membership fees	458 850	356 436
Telephone and fax	1 627 531	1 900 989
Performance Management System	143 367	34 096
Training	68 234	636 383
Subsistence and travelling	1 546 325	1 073 232
Assets expensed	374 795	-
Departmental electricity	7 319 251	6 184 861

Figures in Rand	2013	2012 Restated
Sewerage and waste disposal	-	(49)
Water	4 726	29 162
Chemicals	944 556	2 453 017
Other expenses	10 939 308	8 590 242
	33 925 728	**30 494 056**

26. Remuneration of councillors

Mayor and Speaker	3 494 534	3 459 749

In-kind benefits

The Mayor and Speaker are full time employees of the municipality. They are provided with an office and administration and support at the cost of the Council
All remuneration made to councillors were within the upper limits of the framework set out in section 217 of the constitution.

27. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
Property, plant and equipment	-	11 748 380
Approved and contracted for		
Property, plant and equipment	56 709 310	-
Other Financial Commitment	1 382 148	-
	58 091 458	**-**

This committed expenditure relates to infrastructure and will be financed by available bank facilities, retained surpluses, loans and government grants.

28. Contingencies

28.1 Litigation is in progress against the municipality relating to disputes and arbitration with former employees who allege that the municipality unlawfully dismissed them. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. However, it cannot be determined at this time when the disputes will be resolved or exactly how much claims and damages the municipality will be required to make. The estimated legal costs amount to R640 000.The settlement amounting to R 457 084, 57 is still to be settled by municipality.

28.2 The wage curve settlement for municipality which is still under negotiations with SALGA, IMATU and SAMWU. IMATU the initiator negotiated for municipalities to pay an ex gratia payment equal to one month's basic salary(essentially 14th cheque) excluding the section 57 senior manager, however SALGA have a different view which is: 1) That a 14th cheque be paid only up to a maximum of R10 000; 2) Municipalities who already implemented an 8,48% increase on the wage curve in 2010 be excluded; 3) Municipalities who are prepared to the wage curve judgement be excluded, and 4) Employees who were employed after 01 July 2010 be excluded.

The proposal is still under negotiations as not all parties are in agreement as per the stated reasons above. Municipality is still awaiting for the parties to finalise the implementation of this wage curve settlement. Municipality have estimated a settlement amounting to R2 472 901, 58.

28.2 The municipality is involved in a civil action regarding the claim for damages from the municipality by the plaintiff to the amount of R 1 430 948 plus interest. The estimated legal cost is R 200 000. The municipality's lawyers and management consider the likelihood of these actions against the municipality being successful as unlikely.

28.3 The municipality makes use of unregistered landfill sites, which could incur potential fines and penalties, the value and likelihood of which are estimated at R10 million Rands.

29. Related parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

30. Risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

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

2013	**Less than 1 year**	**More than 1 year**
Consumer deposits	2 139 832	1 359 627
Trade and other payables	99 542 073	81 747 000
Long-term liabilities	2 073 585	2 332 240
Finance lease obligation	-	397 470
Retirement Benefit Obligation	6 684 000	6 192 000
Unspent conditional grants	361 117	1 937 542
VAT payable	1 272 955	3 218 359
Bank overdraft	-	5 884 094
	112 073 602	**103 068 332**

Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates are minimal

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to notes 3 and 5 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Foreign exchange risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk.

31. Going concern

We draw attention to the fact that at 30 June 2013, the municipality had a deficits of R 43 897 013 (2012: R 110 251 946.

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 at least for the next twelve months.

Figures in Rand	2013	2012 Restated

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

The Municipality is situated in a previous disadvantaged background and the community is not able to pay for services as a high percentage of the population is indigent. The collection rate of consumer debtors is therefore also low. This has resulted in a weak cash flow situation and as a result the municipality is not always able to settle its accounts within 30days. The Municipality does however receive government grants, such as an allocated equitable share grant in terms of the Division of Revenue Act and will therefore be operational as a going concern in the foreseeable future.

• Re-negotiating alternative credit terms with key suppliers which includes ongoing negotiations n with Bloem water for bulk purchases,
• Improved support from other state entities, for instance Centlec has now commenced providing monthly reports instead of year end reports with supporting documentation in order to improve financial planning ,
• Strict implementation of the credit control policy in terms of disconnections of unpaid services accounts; and
• Implementation of a an updated valuation roll in the next financial year
• Implementation of the Financial Recovery Plan by management
• Credit Control policy has been reviewed and approved by the Council so that Centlec can be able to assist in the process of recovering the arrear debts through taking a certain percentage from the electricity purchases by the people who are owing the Municipality.
• Debtors written off by Council to the amount of R 46 Million.
• To perform VAT review to see how we can recover from SARS to pay the other outstanding creditors.
• The contract between the Municipality and Centlec is in the process of being finalised to be reviewed so that Centlec can be forced to pay surpluses on monthly basis.t

32. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date however the approval was before the issue of the Audit report:

- On 27th November 2013, the Council approved a write off of debtors amounting to R46 946 700. The matte does not have an impact in the 2012/2013 final Annual Financial Statements. It will therefore have an impact on the 2014 financial year.

33. Unauthorised expenditure

Opening balance	152 266 239	86 552 022
Budget overspending	54 749 129	65 714 217
Unauthorised expenditure condoned by Council	(62 475 000)	-
	144 540 368	**152 266 239**

Liability have not been determined. Council appointed a committee to investigate and report back to council before the amount can be recovered or condoned.

Overspending of the vote.

No criminal or disciplinary steps were taken as a consequence of above expenditure

Figures in Rand	2013	2012 Restated

34. Fruitless and wasteful expenditure

Opening balance	23 180 836	19 852 445
Fruitless and wasteful expenditure - current year	4 780 593	3 328 391
Condoned by Council	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonment	-	-
	27 961 429	**23 180 836**

Liability have not been determined. Council appointed a committee to investigate and report back to council before the amount can be recovered or condoned.

This expenditure is mainly Interest charges due to late payment of the suppliers.

No criminal or disciplinary steps were taken as a consequence of above expenditure.

35. Irregular expenditure

Opening balance	137 770 607	78 010 322
Add: Irregular Expenditure - current year	25 531 266	59 760 285
Less: Irregular Expenditure - condoned by Council	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	163 301 873	**137 770 607**

Liability have not been determined. Council appointed a committee to investigate and report back to council before the amount can be recovered or condoned.

Supply chain policy not adhered to. The adjudication committee not constitute in line with the Supply Chain Management Regulations.

No criminal or disciplinary steps were taken as a consequence of above expenditure.

36. Additional disclosure in terms of Municipal Finance Management Act

1. Audit fees

Opening balance	3 759 611	821 017
Current year fee	4 679 582	3 759 611
Amount paid - current year	(1 002 648)	-
Amounts paid	(3 759 611)	(821 017)
	3 676 934	**3 759 611**

Notes to the Financial Statements

Figures in Rand	2013	2012 Restated

2. PAYE and UIF

Opening balance	5 547 757	3 232 701
Current year payroll deductions	6 528 013	6 822 872
Penalties and interest	609 436	845 460
Corrections made	780 847	25 250
Amounts paid	(7 939 673)	(850 000)
From VAT	-	(3 275 654)
	5 526 380	**6 800 629**

3. Pension and Medical Aid Deductions

Opening balance	14 893 339	9 603 798
Current year payroll deductions	12 720 761	15 524 239
Amounts paid	-	(9 573 112)
Amount paid - previous years	(11 788 896)	-
	15 825 204	**15 554 925**

4. VAT

VAT payable	1 272 955	3 218 359

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

5. Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013	**Outstanding less than 90 days R**	**Outstanding more than 90 days R**	**Total R**
Mr T.X Matwa	224	-	224
MR SA Sola	652	14 484	15 136
	876	**14 484**	**15 360**

6. Distribution losses

a) Distribution losses (Water)

	2013	**2012**
Number of users	12 192	12 054
Units bought	5 347 557	5 303 013
Units sold	1 484 738	1 364 468
Free basic service	877 824	807 888
Units lost on distribution	2 984 997	30 070 657
Amount of unit losses	R 14 924 985	R 10 850 792
Units lost in distribution as percentage -	55,82%	57,90%

The high losses are due old infrastructure network and unmetered areas.

b) Distribution losses (Electricity)

	Kwh	Rand Value	Avg C/kWh
Purchased Units	43 441 989	31 234 229	0, 72
Prepaid Sale -	R 22 607 719	R 24 212 668	1, 07
BCX Sales -	R 15 422 732	R 11 522 317	0, 75
kWh Losses	R 5 411 538	R 4 919 334	12, 46%

The boreholes, dams and reservoirs electricity were not charged to the service provider (Water Supplier), it was included as a departmental hence the loss.

37. 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 Council.

38. Budget differences

Material differences between budget and actual amounts

1. Service charges

The municipality over budgeted by 1 % on service charges. This is not significant.

2. Interest income

The interest was higher than budgeted due to non-payment of accounts by debtors. This can be evidenced by the long outstanding consumer debtor accounts.

3. Property rates

The actual property rates was less than budgeted due to the correction of incorrect tariffs charged on non-chargeable properties.

4. **Government Grants and subsidies**

The difference of R 56, 8 m is because the budget figure only includes equitable share while the actual amounts includes the revenue recognised for conditional grants.

5. **Personnel cost**

The overspending is due to the high leave provision and bonus provision which were not budgeted for.

6. Administration cost

The Centlec fees were not adequately budgeted for which resulted in overspending of the related votes.

7. Depreciation

The depreciation was over the budget due to the implementation of the new asset register. The value of the property plant and equipment increased substantially.

8. **Finance cost**

Interest paid to major creditors due to late payments as a result of adverse cash flow position of the municipality caused interest to be more than budgeted

9. **Debt impairment**

The saving in debt impairment was because the municipality re-assessed its debtor's balances based on IAS 39, GRAP 104, IAS 32 and IFRS 7.

10. **Repairs and maintenance**

The saving was because the actual spending was less than budgeted as a result of adverse cash flow position.

11. **Bulk purchases**

Water exceeded budget due to increased water usage and escalating costs of Bloemwater.

12. **General expenses**

The municipality exceeded its general expenditure budget due to the general increase in prices especially of petrol.

Figures in Rand	2013	2012 Restated

Changes from the approved budget to the final budget

The changes between the approved and final budget are due to the municipality re-assessing its performance for the first half of the year as part of its mid-term budget assessment process. Council therefore resolved to adopt an adjustment budget for the remainder of the financial year.

39. Depreciation and amortisation

Property, plant and equipment	77 864 861	63 119 548

40. Employee benefit obligations

Defined benefit plan

The plan is a post-employment medical benefit plan.

The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

Post-retirement medical aid plan

General description

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-in-retirement, the surviving dependants may continue membership of the medical scheme.

Reconciliation of accrued liability

Notes:

(i) These projections assume that the Municipality's health care arrangements and subsidy policy will remain as outlined in Section 3, and that all the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the Municipality towards prefunding its liability via an off-balance sheet vehicle.

(ii) Contributions or benefits paid refer to medical scheme contributions made by the Municipality with respect to its subsidy of current continuation members.

(iii) There are no Past Service Costs, Curtailments or Settlements to reflect.

The Municipality's Accrued Unfunded Liability at 30 June 2013 is estimated at R 6 684 0000. The Current-service Cost for the year ending 30 June 2013 is estimated at R 4 949 000.

Financial Assumptions

	Value p.a.
Discount rate	7, 89%
Health care cost inflation rate	7.14%
Net effective discount rate	0.70%

Discount Rate: IAS19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant and as prescribed in GRAP25, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 7, 89% per annum has been used. This rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 29 June 2013. This rate does not reflect any adjustment for taxation.

Health Care Cost Inflation Rate: This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 7.14% has been assumed. This is 1% in excess of expected CPI inflation over the expected term of the liability, namely 6.14%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 0.70%.

The next contribution increase was assumed to occur with effect from 1 January 2014,

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary

Demographic Assumptions

Average retirement age			63	
Continuation of membership at retirement			90%	
Proportion assumed married at retirement			90%	
Proportion of eligible current non-member employees joining the scheme by retirement		20%		
Mortality during employment		SA 85-90		
Mortality post-retirement			PA90-1 ultimate	
Withdrawal from service (sample annual rates)		Age	Females	Males
	20	24%	16%	
	30	18%	12%	
	40	6%	6%	
	50	2%	2%	
	> 55	0%	0%	

Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

Pre-retirement Mortality: SA85-90 ultimate table, adjusted for female lives.

Post-retirement Mortality: PA (90) ultimate table, adjusted down by one year of age.

Withdrawal from Service: If an in-service member leaves, the employer's liability in respect of that member ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

Average Retirement Age: The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

Continuation of Membership: It has been assumed that 90% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement. Further, it was assumed that 20% of eligible non-members would join a medical aid scheme by retirement, and thus qualify for the subsidy.

Family Profile (retirees): It has been assumed that 90% of those in-service members who remain on the health care arrangements will be married at retirement. Further, it has been assumed that in-service husbands will be four years older than their wives. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

Figures in Rand	2013	2012 Restated

<u>Other Assumptions</u>

it was assumed that the Municipality's health care arrangements and subsidy policy would remain as outlined in Section 3. Furthermore, it was assumed that the level of benefits receivable, and the contributions payable in respect of such, would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

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.

<u>Sensitivity analysis</u>

The liability at the Valuation Date was recalculated to show the effect of:

(i) A 1% increase and decrease in the assumed rate of health care cost inflation;
(ii) A one-year age reduction in the assumed rates of post-retirement mortality;
(iii) A one-year decrease in the assumed average retirement age; and
(iv) A 50% reduction in the assumed withdrawal rates

Note: The post-retirement mortality adjustment assumes that someone aged 70 will experience the mortality of someone aged 69. The liability is expected to increase under this scenario because members are expected to live longer.

The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 18% higher than that shown.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(6 192 000)	(5 393 000)
Net actuarial gains or losses not recognised	(413 000)	(730 000)
Past service cost not recognised	(49 000)	(39 000)
Interest costs	(476 000)	(448 000)
Benefits paid	446 000	418 000
	(6 684 000)	**(6 192 000)**

41. Operating leases

i)not later than one year;	78 650	11 000
(ii) later than one year and not later than five years; and	13 310	-
	91 960	**11 000**

Kopanong Local Municipality entered into a lease contract with Mr and Mrs AP and A Vorster for rental of office building. The lease term is for three years ending 31 August 2014. Lease payments escalates with the 10% interests.

Kopanong Local Municipality
Unaudited Appendix A
June 2013

Schedule of external loans as at 30 June 2013

	Interest rate	Redeemable	Balance at 30 June 2012 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2013 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Other loans								
Mangaung 2	10%	2013	127 972	-	11 634	116 338	-	-
Mangaung 3	10%	2024	13 228	-	13 228	-	-	-
Mangaung 4	10%	2014	13 228	-	13 228	-	-	-
Mangaung 5	10%	2022	481 577	-	44 689	436 888	-	-
Mangaung 6	10%	2023	288 195	-	24 016	264 179	-	-
Mangaung 7	10%	2023	40 068	-	20 034	20 034	-	-
Mangaung 8	10%	2010	217 206	-	18 101	199 105	-	-
Mangaung 9	10%	2023	183 647	-	15 304	168 343	-	-
Mangaung 10	10%	2012	759 446	-	58 419	701 027	-	-
Mangaung 11	10%	2013	100 961	-	7 766	93 195	-	-
Mangaung 12	10%	2024	96 715	-	32 238	64 477	-	-
			2 322 243	**-**	**258 657**	**2 063 586**	**-**	**-**