



Ndwedwe Local Municipality  
Financial statements  
for the year ended 30 June 2018

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## General Information

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### Councillors

Mayor and Councillors

NV Chili (Mayor)  
EN Blose (Deputy Mayor)  
GK Ngidi (Speaker)  
MP Busane (Executive Committee Member)  
ZS Thoolsi (Executive Committee Member, formerly a Party Representative)  
SB Sibisi (Executive Committee Member)  
RT Nkwanyana (Executive Committee Member)  
PS Shezi (Executive Committee Member)  
NDC Maphumulo (Ward Councillor)  
RM Cele (Ward Councillor, formerly an Executive Committee Member)  
MM Khuzwayo (Ward Councillor)  
MN Gwamanda (Ward Councillor)  
SE Dladla (Ward Councillor)  
BJ Blose (Ward Councillor)  
SZ Mfeka (Ward Councillor)  
TM Masinga (Ward Councillor)  
M Ngidi (Ward Councillor)  
M Mthethwa (Ward Councillor)  
LM Ndlovu (Ward Councillor)  
MK Nkosi (Ward Councillor)  
LG Ngcobo (Ward Councillor)  
DM Qoqo (Ward Councillor)  
VMR Magubane (Ward Councillor)  
LZ Makhanya (Ward Councillor)  
PS Goba (Ward Councillor)  
S Zondi (Party Representative)  
HLB Makatha (Party Representative)  
T Mhlanga (Party Representative)  
MV Shezi (Party Representative)  
BR Mzobe (Party Representative)  
SS Hlophe (Party Representative)  
J Luthuli (Party Representative)  
TS Jali (Party Representative)  
NY Mlotshwa (Party Representative)  
MB Vilakazi (Party Representative)  
SM Sishi (Party Representative)  
MV Phewa (Party Representative)

### Accounting Officer

Mr M.F Hadebe (Comenced on 13 August 2018)

### Chief Finance Officer (CFO)

Mr. Sibisi  
CFO Position was vacant during the financial year

### Grading of local authority

Grade 3

### Auditors

The Auditor General of South Africa

### Bankers

ABSA Bank Verulam Branch

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## General Information

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<b>Registered office</b>	Ndwedwe Local Municipality
<b>Business address</b>	P100 Ndwedwe 4342
<b>Postal address</b>	Private Bag X503 Ndwedwe 4342
<b>Attorneys</b>	C Ngubane & Company

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

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

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# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

As an Accounting Officer I am responsible for the preparation of these annual financial statements, which are set out on pages **6 - 46**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 17 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**Mr M.F Hadebe**  
**Accounting Officer (Acting)**

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Officer's Report

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The accounting officer submit their report for the year ended 30 June 2018.

### 1. Going concern

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

### 2. Subsequent events

The municipality appointed Mr. M.F Hadede as the Accounting Officer on 13 August 2018.

### 3. Accounting Officer

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

Name	Changes
Dr M. Ntuli	Resigned 10 August 2018
Mr M.F Hadebe	Appointed 13 August 2018

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	2	3,171,844	2,156,102
VAT receivable	3	-	3,498,206
Consumer debtors	4	7,892,487	4,305,789
Cash and cash equivalents	5	122,282,922	111,730,796
		<b>133,347,253</b>	<b>121,690,893</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	275,926,234	240,498,064
Intangible assets	7	589,142	762,713
		<b>276,515,376</b>	<b>241,260,777</b>
<b>Total Assets</b>		<b>409,862,629</b>	<b>362,951,670</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	8	24,514,865	15,030,861
Payables from non-exchange transactions	9	4,386,324	3,798
VAT payable	3	1,048,749	-
Unspent conditional grants and receipts	10	1,006,967	6,148,251
Provisions	11	19,252	311,130
		<b>30,976,157</b>	<b>21,494,040</b>
<b>Non-Current Liabilities</b>			
Provisions	11	1,396,538	1,091,347
<b>Total Liabilities</b>		<b>32,372,695</b>	<b>22,585,387</b>
<b>Net Assets</b>		<b>377,489,934</b>	<b>340,366,283</b>
Accumulated surplus		377,489,934	340,366,283

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities and equipment		641,286	564,904
Other income		112,098	348,583
Interest received - investment		10,483,658	9,789,953
<b>Total revenue from exchange transactions</b>		<b>11,237,042</b>	<b>10,703,440</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	13	13,668,414	9,041,297
Interest received (trading)		695,306	552,247
<b>Transfer revenue</b>			
Government grants & subsidies	14	156,653,809	143,658,071
<b>Total revenue from non-exchange transactions</b>		<b>171,017,529</b>	<b>153,251,615</b>
<b>Total revenue</b>	12	<b>182,254,571</b>	<b>163,955,055</b>
<b>Expenditure</b>			
Employees related cost	16	(35,407,462)	(32,507,190)
Remuneration of councillors	17	(17,011,364)	(11,827,681)
Depreciation and amortisation	18	(17,760,443)	(16,300,664)
Finance costs	20	(116,671)	(18,686)
Lease rentals on operating lease		(749,610)	(456,731)
Impairment loss	19	(2,371,628)	(4,735,290)
Loss on disposal of assets and liabilities		(632,986)	(20,151)
General expenses	15	(70,200,987)	(64,205,108)
Decrease/(increase) in the leave accrued		(879,769)	217,604
<b>Total expenditure</b>		<b>(145,130,920)</b>	<b>(129,853,897)</b>
<b>Surplus for the period</b>		<b>37,123,651</b>	<b>34,101,158</b>

\* See Note 25



# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	307,814,332	307,814,332
Adjustments		
Correction of errors	(1,549,207)	(1,549,207)
<b>Balance at 01 July 2016 as restated*</b>	<b>306,265,125</b>	<b>306,265,125</b>
Changes in net assets		
Surplus for the year	34,101,158	34,101,158
Total changes	34,101,158	34,101,158
<b>Balance at 01 July 2017 as restated*</b>	<b>340,366,283</b>	<b>340,366,283</b>
Changes in net assets		
Surplus for the year	37,123,651	37,123,651
Total changes	37,123,651	37,123,651
<b>Balance at 30 June 2018</b>	<b>377,489,934</b>	<b>377,489,934</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		169,232,812	143,735,000
Interest income		10,483,658	9,133,230
Other receipts		12,975,533	9,513,435
		<u>192,692,003</u>	<u>162,381,665</u>
<b>Payments</b>			
Employee costs		(35,232,381)	(44,582,524)
Suppliers		(92,290,027)	(72,139,822)
Finance costs		(116,671)	(18,686)
		<u>(127,639,079)</u>	<u>(116,741,032)</u>
<b>Net cash flows from operating activities</b>	21	<b><u>65,052,924</u></b>	<b><u>45,640,633</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(54,500,798)	(42,439,386)
Purchase of other intangible assets	7	-	(850,152)
		<u>(54,500,798)</u>	<u>(43,289,538)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,552,126</b>	<b>2,351,095</b>
Cash and cash equivalents at the beginning of the year		111,730,796	109,379,701
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u>122,282,922</u></b>	<b><u>111,730,796</u></b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage	Reference
Figures in Rand							
<b>Statement of Financial Performance</b>							
<b>Revenue</b>							
<b>Revenue from exchange transactions</b>							
Rental of facilities and equipment	420,000	-	420,000	641,286	221,286	52.69 %	1
Other income	150,400	-	150,400	112,098	(38,302)	(25.47)%	2
Interest received - investment	8,500,000	3,000,000	11,500,000	10,483,658	(1,016,342)	(8.84)%	3
<b>Total revenue from exchange transactions</b>	<b>9,070,400</b>	<b>3,000,000</b>	<b>12,070,400</b>	<b>11,237,042</b>	<b>(833,340)</b>	-	
<b>Revenue from non-exchange transactions</b>							
<b>Taxation revenue</b>							
Property rates	10,151,260	-	10,151,260	13,668,414	3,517,154	34.65 %	4
Interest received (trading)	600,000	-	600,000	695,306	95,306	15.88 %	5
<b>Transfer revenue</b>							
Government grants & subsidies	178,511,000	4,400,000	182,911,000	156,653,809	(26,257,191)	(14.36)%	6
<b>Total revenue from non-exchange transactions</b>	<b>189,262,260</b>	<b>4,400,000</b>	<b>193,662,260</b>	<b>171,017,529</b>	<b>(22,644,695)</b>	-	
<b>Total revenue</b>	<b>198,332,660</b>	<b>7,400,000</b>	<b>205,732,660</b>	<b>182,254,571</b>	<b>(23,478,089)</b>	<b>(11.41)%</b>	
<b>Expenditure</b>							
Personnel	(53,203,329)	11,943,046	(41,260,283)	(35,407,462)	5,852,821	14.19 %	7
Remuneration of councillors	(10,176,622)	(2,725,365)	(12,901,987)	(17,011,364)	(4,109,377)	(31.85)%	8
Depreciation and amortisation	(19,000,000)	500,000	(18,500,000)	(17,760,443)	739,557	4.00 %	
Finance costs	-	-	-	(116,671)	(116,671)	DIV/0 %	9
Lease rentals on operating lease	-	-	-	(749,610)	(749,610)	DIV/0 %	10
Debt Impairment	(2,500,000)	500,000	(2,000,000)	(2,371,628)	(371,628)	(18.58)%	11
General Expenses	(57,677,000)	(11,351,000)	(69,028,000)	(71,080,756)	(2,052,756)	(2.97)%	
<b>Total expenditure</b>	<b>(142,556,951)</b>	<b>(1,133,319)</b>	<b>(143,690,270)</b>	<b>(144,497,934)</b>	<b>(807,699)</b>	<b>(807,699)</b>	
<b>Operating surplus</b>	<b>55,775,709</b>	<b>6,266,681</b>	<b>62,042,390</b>	<b>37,756,637</b>	<b>(24,285,753)</b>		
Loss on disposal of assets and liabilities	-	-	-	(632,986)	(632,986)	DIV/0 %	
<b>Surplus before taxation</b>	<b>55,775,709</b>	<b>6,266,681</b>	<b>62,042,390</b>	<b>37,123,651</b>	<b>(24,918,739)</b>	-	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>55,775,709</b>	<b>6,266,681</b>	<b>62,042,390</b>	<b>37,123,651</b>	<b>(24,918,739)</b>		

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Material variances

1. The actual rental of facilities income is more than the budgeted amount due to the new tenants not being budgeted for.
2. The budgeted other income is more than the actual amount. This is mostly due to the change in legislation which led to tender documents being uploaded to e-tender portal, which meant the municipality could no longer sell tender documents.
3. The actual investment income is more than the budgeted amount. Fluctuations of interest rates, and low expenditure on conditional grants and other capital projects meant more money to be invested, and more income received through interest.
4. The actual property rates are more than the budgeted income relating to property rates. This is mostly due to the increase in property rate charges.
5. The actual interest income is more than the budgeted amount. This is due to more cash being invested in the call accounts.
6. The actual grants income is less than the budgeted amount. This is due to some of the funds that were withheld by National Treasury.
7. The budgeted employee related costs were more than the budgeted amount. This is because some of the positions were not filled during the year.
8. The actual remuneration of councillors is more than the budgeted amount. This is because the actual amount includes also the travel and subsistence of the councillors.
9. The finance charges were not budgeted for, hence the variance.
10. The actual operating lease expenses were not budgeted for, hence the variance.
11. .The actual impairment charges are more than the budgeted amount. This is due to more debtors being impaired in the current year.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Receivables from exchange transactions	20,868,134	-	<b>20,868,134</b>	3,171,844	<b>(17,696,290)</b>	
Consumer debtors	4,291,873	-	<b>4,291,873</b>	7,892,487	<b>3,600,614</b>	
Cash and cash equivalents	162,833,051	-	<b>162,833,051</b>	122,282,922	<b>(40,550,129)</b>	
	<b>187,993,058</b>	-	<b>187,993,058</b>	<b>133,347,253</b>	<b>(54,645,805)</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	254,466,652	(15,500,091)	<b>238,966,561</b>	275,926,234	<b>36,959,673</b>	
Intangible assets	-	-	-	589,142	<b>589,142</b>	
	<b>254,466,652</b>	<b>(15,500,091)</b>	<b>238,966,561</b>	<b>276,515,376</b>	<b>37,548,815</b>	
<b>Total Assets</b>	<b>442,459,710</b>	<b>(15,500,091)</b>	<b>426,959,619</b>	<b>409,862,629</b>	<b>(17,096,990)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	34,414,087	(34,414,087)	-	24,514,865	<b>24,514,865</b>	
Taxes and transfers payable (non-exchange)	-	-	-	4,386,324	<b>4,386,324</b>	
VAT payable	-	-	-	1,048,749	<b>1,048,749</b>	
Unspent conditional grants and receipts	-	-	-	1,006,967	<b>1,006,967</b>	
Provisions	3,272,201	-	<b>3,272,201</b>	19,252	<b>(3,252,949)</b>	
	<b>37,686,288</b>	<b>(34,414,087)</b>	<b>3,272,201</b>	<b>30,976,157</b>	<b>27,703,956</b>	
<b>Non-Current Liabilities</b>						
Provisions	1,202,675	-	<b>1,202,675</b>	1,396,538	<b>193,863</b>	
<b>Total Liabilities</b>	<b>38,888,963</b>	<b>(34,414,087)</b>	<b>4,474,876</b>	<b>32,372,695</b>	<b>27,897,819</b>	
<b>Net Assets</b>	<b>403,570,747</b>	<b>18,913,996</b>	<b>422,484,743</b>	<b>377,489,934</b>	<b>(44,994,809)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	403,570,747	18,913,996	<b>422,484,743</b>	377,489,934	<b>(44,994,809)</b>	

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1. Presentation of Financial Statements

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Comparative figures

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

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

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

The following GRAP standards have been issued but are not yet effective and have not been adopted by the municipality:

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land - Effective 01 April 2019  
- No significant impact is expected as this interpretation is not yet effective to the municipality.

GRAP 26 (as amended 2016): Impairment of cash generating assets - Effective 01 April 2018  
-No significant impact is expected as this Standard is not yet effective to the municipality.

GRAP 21 (as amended 2016): Impairment of non- cash generating assets - Effective 01 April 2018  
-No significant impact is expected as this Standard is not yet effective to the municipality.

GRAP 17 (as amended 2016): Property, Plant and Equipment - Effective 01 April 2018  
- No significant impact is expected as this Standard is not yet effective to the municipality.

GRAP 16 (as amended 2016): Investment Property - Effective 01 April 2018  
- No significant impact is expected as this Standard is not yet effective to the municipality.

#### 1.4 Going concern assumption

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

#### 1.5 Property, plant and equipment

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

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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

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.

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.

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the depreciable amount, using the straight line method over the estimated lives of the asset. The depreciation amount is determined after taking into account an asset's residual value, where applicable. Component of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the estimated average asset useful lives.

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

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<b>Item</b>	<b>Average useful life</b>
Buildings	30 years
Motor vehicles	5-7 years
• Graders	15 years
• Trucks	7 years
Infrastructure	
• Roads	10 years
• Street lights	40 years
• Bridges	30 years
• Stormwater pipes	50 years
• Electricity	20 years
Community	
• Buildings	30 years
• Recreational Facilities	20-30 years
• Sportsfields	30 years
Other property, plant and equipment	
• Building Improvements	30 years
• Heavy and Mobile plant	10 years
• Furniture and fittings	7 years
• Bins and containers	15 years
• Parkhome	7 years
• Office equipment	3-5 years
• Other items of plant and equipment	5-7 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

### 1.6 Intangible assets

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

Item	Useful life
Computer software	5 years



# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.6 Intangible assets (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.7 Financial instruments

#### Initial Recognition and Measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments. The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets. For financial instruments which are not fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement of financial assets and financial liabilities

The fair values of quoted investments are based on current bid prices. Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method. Financial liabilities are reflected at amortised cost and are subsequently measured at amortised cost, using the effective interest rate method.

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

#### Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

#### Trade and Other Receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

#### Debtors

Debtors are recognised at fair value and measured at amortised cost using the effective interest method.

The amount of the provision is the difference between the assets carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Statement. An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

#### Trade and Other Payables

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Trade creditors and other payables are measured at fair value.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.8 Taxation

#### Value Added Taxation

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

### 1.9 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.

#### Municipality as Lessor

Rental income from operating leases is recognised over the term of the relevant lease.

#### Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

### 1.10 Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the municipality estimates the recoverable service amount of the asset. Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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 managed with the 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.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.10 Impairment of assets (continued)

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.

Non-cash generating assets are assets other than cash generating assets. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation/amortisation. Recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. A reversal of an impairment loss for a non-cash generating asset is recognised immediately in surplus or deficit.

### 1.11 Provisions and contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

### 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 2018 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 2018 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 is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003): -

- (a) the Municipal Systems Act (Act No. 32 of 2000)
- (b) the Public Office Bearers Act (Act No. 20 of 1998) or
- (c) is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.14 Irregular expenditure (continued)

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 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 Capital commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources. Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases. Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.

### 1.16 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

The entity 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; and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.16 Revenue from exchange transactions (continued)

#### Grant, Transfers and Donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### 1.17 Revenue from non-exchange transactions

#### Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest revenue is recognised on a time proportion basis.

### 1.18 Budget information

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

### 1.19 Employee benefits

#### Provident fund contribution

The municipality and its employees contribute to one provident fund that caters for the majority of the staff. The KZN Joint Municipal Provident Fund is a defined contribution fund. Additional information is disclosed in note 34.

#### Other employee benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service. Termination benefits are employee benefits payable as a result of either: an entity's decision to terminate an employee's employment before normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits.

### 1.20 Related parties

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

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

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

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

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.21 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 municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

#### Impairment testing

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

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

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

#### Post retirement benefits

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Where an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service: as a liability (accrued expense), after deducting any contribution paid or as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. Contributions are made to the Kwazulu-Natal Joint Municipality Provident Fund by the municipality. Members may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments. Participating employers contribute at a rate of 1.95 times of their members contribution.

Other key assumptions for provident fund obligations are based on current market conditions. Additional information is disclosed in Note 31.

#### 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.

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

Figures in Rand	2018	2017
<b>2. Receivables from exchange transactions</b>		
Other Debtors	2,678,421	1,497,349
Distribution account -KDM	-	2,030
Accrued revenue	493,423	656,723
	<b>3,171,844</b>	<b>2,156,102</b>
<b>Other debtors consist of:</b>		
Sundry debtors	3,753,963	2,572,891
Provisions	(1,075,542)	(1,075,542)
	<b>2,678,421</b>	<b>1,497,349</b>
<p>Other Debtors of R3 753 963 (2017: R2 572 891) includes salary overpayments, supplier overpayments and rental debtors . The Municipality has handed the debtors over to appointed attorneys regarding recoverability and collection. The municipality has raised a provision for doubtful debts against Other Debtor amounts.</p>		
<b>3. VAT receivable (payable)</b>		
VAT	(1,048,749)	3,498,206
<p>VAT is payable on the payment basis. VAT is paid over to SARS only once payment is received from debtors. The prior period error arose due to the municipality (agent) which claimed VAT on electrification.</p>		
<b>4. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	17,128,418	11,170,093
<b>Less: Allowance for impairment</b>		
Rates	(9,235,931)	(6,864,304)
<b>Net balance</b>		
Rates	7,892,487	4,305,789
<b>Rates</b>		
Current (0 -30 days)	517,818	356,625
31 - 60 days	180,573	124,362
61 - 90 days	138,086	95,101
91 - 120 days	150,781	103,844
121 - 365 days	358,298	246,762
> 365 days	6,546,931	3,379,095
	<b>7,892,487</b>	<b>4,305,789</b>



# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>4. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	89,614	43,316
31 - 60 days	-	49,576
61 - 90 days	44,578	46,435
91 - 120 days	44,578	46,212
121 - 365 days	387,652	137,112
> 365 days	1,744,361	1,662,457
	<b>2,310,783</b>	<b>1,985,108</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	583,152	249,271
31 - 60 days	(3,859)	226,218
61 - 90 days	250,402	205,980
91 - 120 days	215,130	217,101
121 - 365 days	1,908,644	572,034
> 365 days	4,872,650	4,377,206
	<b>7,826,119</b>	<b>5,847,810</b>
<b>National and provincial government</b>		
Current (0 -30 days)	50,116	64,038
31 - 60 days	-	84,740
61 - 90 days	14,767	63,221
91 - 120 days	14,693	56,784
121 - 365 days	1,015,799	174,508
> 365 days	2,677,023	2,893,872
	<b>3,772,398</b>	<b>3,337,163</b>
<b>Total</b>		
Current (0 -30 days)	802,371	356,625
31 - 60 days	641	360,544
61 - 90 days	332,264	315,636
91 - 120 days	286,061	320,097
121 - 365 days	3,506,767	883,655
> 365 days	12,200,314	8,933,537
	17,128,418	11,170,094
Less: Allowance for impairment	(9,235,931)	(6,864,305)
	<b>7,892,487</b>	<b>4,305,789</b>
<b>Less: Allowance for impairment</b>		
31 - 60 days	(248,499)	(236,182)
61 - 90 days	(232,036)	(220,535)
91 - 120 days	(227,531)	(216,253)
121 - 365 days	(670,107)	(636,893)
> 365 days	(7,857,758)	(5,554,441)
	<b>(9,235,931)</b>	<b>(6,864,304)</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>4. Consumer debtors (continued)</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(6,864,304)	(5,264,856)
Contributions to allowance	(2,371,627)	(1,599,448)
	<b>(9,235,931)</b>	<b>(6,864,304)</b>

### Credit quality of consumer debtors

The municipality profiled all debtors according to their risk profile. The risk profile was then used to calculate the doubtful debts provision.

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	21,698	1,000
Bank balances	17,601,108	3,121,135
Short-term deposits	104,660,116	108,608,661
	<b>122,282,922</b>	<b>111,730,796</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
ABSA Bank Fixed Deposit Account 2073633680	6,855,335	6,287,631	6,855,335	6,287,631
ABSA Bank Fixed Deposit Account 2068130142	6,541,348	5,999,646	6,541,348	5,999,646
ABSA Bank Cheque Account 4079294191	901,962	1,098,539	30,802	(2,332,531)
ABSA Bank Fixed Deposit Account 2075383437	6,129,700	5,622,088	6,129,700	5,622,088
ABSA Bank Short-term Call Account 9123945833	4,969,744	58,549	4,969,744	58,549
Cash on hand	1,000	1,000	1,000	1,000
FNB Call Account 62087920635	951,098	2,057,380	951,098	2,058,380
FNB Cheque Account 62027922930	17,571,676	5,455,037	17,570,306	5,453,666
FNB Fixed Deposit Account 74305967356	9,520,050	8,851,994	9,520,050	8,850,992
FNB Fixed Deposit Account 74398842432	-	7,722,423	-	7,722,423
Investec Call Account 1100463139502	864,581	7,231,686	864,581	7,231,686
Investec Fixed Deposit Account 1100463139453	12,156,277	5,699,510	12,156,277	5,699,510
Investec Fixed Deposit Account 1100463139452	11,544,905	10,688,328	11,544,905	10,688,328
Investec Fixed Deposit Account 1100463139454	8,336,790	5,755,438	8,349,431	5,755,438
Investec Fixed Deposit Account 1100463139455	7,695,366	7,122,923	7,696,879	7,122,923
Ithala Call Account 17621154	-	4,028,018	3,407,543	4,028,018
Ithala Fixed Deposit Account 17621146	2,633,824	2,443,656	2,633,824	2,443,656
Ithala Fixed Deposit Account 17651276	6,108,015	5,667,003	6,108,015	5,667,003
Ithala Fixed Deposit Account 17651945	-	5,555,292	-	5,555,292
Ithala Fixed Deposit Account 17656341	-	4,264,897	-	4,264,897
Standard Bank Call Account 058681019001	7,297,828	4,512,782	7,297,828	4,512,782
Standard Bank Call Account 058681019011	3,598,094	3,380,623	3,598,094	3,380,623
Standard Bank Call Account 058681019017	-	5,658,796	-	5,658,796
Standard Bank Call Account 058681019021	6,056,162	-	6,056,162	-
<b>Total</b>	<b>119,733,755</b>	<b>115,163,239</b>	<b>122,282,922</b>	<b>111,730,796</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

Figures in Rand

### 6. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	15,849,072	(5,292,917)	10,556,155	15,849,072	(4,716,783)	11,132,289
Motor vehicles	13,581,447	(3,881,223)	9,700,224	14,672,357	(3,328,510)	11,343,847
Infrastructure	230,020,003	(61,698,738)	168,321,265	178,974,273	(51,601,910)	127,372,363
Community	105,675,387	(29,401,255)	76,274,132	105,598,202	(25,622,036)	79,976,166
Other property, plant and equipment	20,027,774	(8,953,316)	11,074,458	18,301,642	(7,628,243)	10,673,399
<b>Total</b>	<b>385,153,683</b>	<b>(109,227,449)</b>	<b>275,926,234</b>	<b>333,395,546</b>	<b>(92,897,482)</b>	<b>240,498,064</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

Figures in Rand

### 6. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Work-In-Progress (Additions)	Disposals	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	11,132,289	-	-	-	-	(576,134)	-	10,556,155
Motor vehicles	11,343,847	1,462,853	-	(1,453,869)	-	(1,652,607)	-	9,700,224
Infrastructure	127,372,363	-	51,045,729	-	-	(9,588,150)	(508,677)	168,321,265
Community	79,976,166	77,188	-	-	-	(3,778,974)	(248)	76,274,132
Other property, plant and equipment	10,673,399	1,915,028	-	(31,885)	-	(1,448,030)	(34,054)	11,074,458
	<b>240,498,064</b>	<b>3,455,069</b>	<b>51,045,729</b>	<b>(1,485,754)</b>	<b>-</b>	<b>(17,043,895)</b>	<b>(542,979)</b>	<b>275,926,234</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Work-In-Progress (Additions)	Disposals	Prior period error	Depreciation	Impairment loss	Total
Buildings	9,847,791	-	1,860,606	-	-	(576,108)	-	11,132,289
Motor vehicles	7,103,190	5,620,548	-	-	-	(1,379,891)	-	11,343,847
Infrastructure	117,837,246	-	21,010,968	-	(2,107,311)	(8,870,603)	(497,937)	127,372,363
Community	74,212,599	-	10,859,179	(20,151)	-	(3,516,546)	(1,558,915)	79,976,166
Other property, plant and equipment	8,884,277	3,088,092	-	-	-	(1,295,521)	(3,449)	10,673,399
	<b>217,885,103</b>	<b>8,708,640</b>	<b>33,730,753</b>	<b>(20,151)</b>	<b>(2,107,311)</b>	<b>(15,638,669)</b>	<b>(2,060,301)</b>	<b>240,498,064</b>

#### Reconciliation of Work-in-Progress 2018

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	38,063,309	12,515,592	1,832,000	52,410,901
Additions/capital expenditure	51,045,729	-	-	51,045,729
Transferred to completed items	(12,037,192)	-	-	(12,037,192)
	<b>77,071,846</b>	<b>12,515,592</b>	<b>1,832,000</b>	<b>91,419,438</b>

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*		
<b>6. Property, plant and equipment (continued)</b>				
<b>Reconciliation of Work-in-Progress 2017</b>				
	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	40,421,123	21,465,783	-	61,886,906
Additions/capital expenditure	21,010,969	10,859,179	1,860,606	33,730,754
Prior period errors	(9,205,387)	(6,370,545)	(28,606)	(15,604,538)
Transferred to completed items	(14,163,396)	(13,438,825)	-	(27,602,221)
	<b>38,063,309</b>	<b>12,515,592</b>	<b>1,832,000</b>	<b>52,410,901</b>

The reasons for delays in certain projects reflected within work-in-progress, is due to funding received in phases.

## 7. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,079,225	(490,083)	589,142	1,079,225	(316,512)	762,713

### Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	762,713	(173,571)	589,142

### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	16,465	850,152	(103,904)	762,713

## 8. Payables from exchange transactions

Trade payables	12,170,920	5,629,842
Retentions	8,457,860	5,742,825
Income received in advance	-	313,044
Accrued leave	2,936,285	2,956,739
Salary (13th Cheque)	949,800	388,411
	<b>24,514,865</b>	<b>15,030,861</b>

The fair value of trade and other payables approximates their carrying amounts.

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>9. Payables from non-exchange transactions</b>		
Integrated National Electrification Programme Grant (INEP)	4,386,324	-
Payable - COGTA Massification	-	3,798
	<b>4,386,324</b>	<b>3,798</b>

The fair value payables from non-exchange approximates their carrying amounts.

### 10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	1,525	4,402,802
Kwaloshe Tourism Project grant	97,097	97,097
KZN Sports & Recreation grant	8,673	8,673
Small Town Rehabilitation Grant	899,672	1,639,679
	<b>1,006,967</b>	<b>6,148,251</b>

#### Movement during the year

Balance at the beginning of the period	6,148,251	6,071,321
Additions during the period	19,268,000	44,332,000
Funds returned	-	(9,305,967)
Income recognition during the period	(24,409,284)	(34,949,103)
	<b>1,006,967</b>	<b>6,148,251</b>

#### Grant register 2017/ 2018

	Opening Balance	Received	Funds returned	Expenditure	Balance
Local Government Financial Management Grant (FMG)	-	1,900,000	-	(1,900,000)	-
KZN Sports & Recreation	8,673	-	-	-	8,673
Library Computer Assistant	-	1,325,000	-	(1,325,000)	-
KwaLoshe Tourism	97,097	-	-	-	97,097
Municipal Infrastructure Grant (MIG)	4,402,802	28,275,000	-	(32,676,277)	1,525
Small Town Rehabilitation	1,639,679	-	-	(740,007)	899,672
Expanded Public Works Programme Integrated Grant	-	1,768,000	-	(1,768,000)	-
	<b>6,148,251</b>	<b>33,268,000</b>	<b>-</b>	<b>(38,409,284)</b>	<b>1,006,967</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
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### 11. Provisions

#### Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Long-service awards	1,091,347	305,191	1,396,538
Long-service awards (short-term)	311,130	(291,878)	19,252
	<b>1,402,477</b>	<b>13,313</b>	<b>1,415,790</b>

#### Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Long service awards	1,142,384	483,060	(222,967)	(311,130)	1,091,347
Long-service awards (short-term)	60,291	-	(60,291)	311,130	311,130
	<b>1,202,675</b>	<b>483,060</b>	<b>(283,258)</b>	<b>-</b>	<b>1,402,477</b>

Non-current liabilities	1,396,538	1,091,347
Current liabilities	19,252	311,130
	<b>1,415,790</b>	<b>1,402,477</b>

### 12. Revenue

Rental of facilities and equipment	641,286	564,904
Other income	112,098	348,583
Interest received - investment	10,483,658	9,789,953
Property rates	13,668,414	9,041,297
Interest received (trading)	695,306	552,247
Government grants & subsidies	155,913,802	143,658,071
	<b>181,514,564</b>	<b>163,955,055</b>

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

Rental of facilities and equipment	641,286	564,904
Other income	112,098	348,583
Interest received - investment	10,483,658	9,789,953
	<b>11,237,042</b>	<b>10,703,440</b>

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

<b>Taxation revenue</b>		
Property rates	13,668,414	9,041,297
Interest received (trading)	695,306	552,247
<b>Transfer revenue</b>		
Government grants & subsidies	155,913,802	143,658,071
	<b>170,277,522</b>	<b>153,251,615</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>13. Property rates</b>		
<b>Rates received</b>		
Property rates	16,306,187	11,875,874
Less: Income forgone	(2,637,773)	(2,834,577)
	<b>13,668,414</b>	<b>9,041,297</b>
<b>Valuations</b>		
Residential	18,598,000	18,598,000
Commercial	22,345,000	21,995,000
State	642,692,000	642,692,000
Agriculture	661,842,000	691,179,000
Institutional	890,000	1,015,000
Special Purposes	2,265,000	2,265,000
Agriculture (Residential/Commercial)	9,494,000	7,844,000
Industrial	1,875,000	1,875,000
Land Reform Beneficiary	35,663,000	-
Place of worship	2,835,000	2,835,000
Municipal	20,951,000	20,951,000
Public service infrastructure	123,000	193,000
	<b>1,419,573,000</b>	<b>1,411,442,000</b>

The municipal valuations and property rates were implemented with effect 1 July 2009 in terms of Municipal Rates Act.

Valuations on land and buildings are valid for four years.

The first valuation roll came into effect on 1 July 2009.

A new valuation roll was implemented on 1 July 2014.

Interim valuations are processed on a quarterly basis to take into account changes on individual property values due to alterations, consolidations, subdivisions and new township development. Various rates in the Rand were applied in accordance with categories determined in terms of the Municipal Property Rates Act.

Rebates applicable were applied in line with the municipal property rates policy. Rebates are levied on a monthly basis in terms of municipal rates policy and interest is charged on outstanding amounts as determined by the municipality in terms of rates policy and approved tariffs.

\* See Note 25



# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>14. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	118,243,000	108,708,967
	<u>118,243,000</u>	<u>108,708,967</u>
<b>Capital grants</b>		
KZN Sports & Recreation	-	79,585
Neighbourhood Development Partnership Grant (NDPG)	-	7,080,000
Library Computer Assistant	1,325,000	1,265,000
Expanded Public Works Programme Integrated Grant (EPWP)	1,768,000	1,791,000
Small Town Rehabilitation Grant	740,007	3,360,321
Municipal Infrastructure Grant (MIG)	32,677,802	19,548,198
Department of Finance: National Treasury (FMG)	1,900,000	1,825,000
	<u>38,410,809</u>	<u>34,949,104</u>
	<b><u>156,653,809</u></b>	<b><u>143,658,071</u></b>

### Equitable Share

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

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>15. General expenses</b>		
Advertising	613,973	550,998
Auditors remuneration	3,065,716	2,170,566
Bank charges	73,737	153,258
Cleaning	1,074,429	263,619
Consulting and professional fees	10,554,707	16,069,608
Consumables	125,394	-
Entertainment	5,235,592	3,402,834
Insurance	642,747	761,973
Conferences and seminars	2,636,229	4,575,313
IT expenses	60,629	-
Marketing	537,269	827,134
Council Industrial	17,706	160,734
Magazines, books and periodicals	-	12,819
Medical expenses	-	8,076
Motor vehicle expenses	335,681	251,472
Fuel and oil	2,404,416	1,760,044
Postage and courier	-	25,710
Printing and stationery	1,398,368	729,295
Council committee	317,060	376,789
Project: Electrification cost	9,645,126	6,393,258
Software expenses	4,396,287	1,830,728
Staff welfare	-	280,162
Subscriptions and membership fees	10,572,610	524,372
Telephone and fax	1,353,309	1,495,693
Indigent Burial	2,453,507	836,700
Training	-	860,864
Travel - local	7,928,919	11,998,685
Refuse	-	628,239
Assets expensed	-	26,463
Electricity	1,938,461	1,569,253
Uniforms	1,000,424	788,129
Tourism development	642,098	1,270,559
Skills Development	418,364	198,690
IDP Programme	-	616,790
Social Responsibility	48,930	149,812
National Calendar	-	136,811
Sport, Arts and Recreation	28,580	1,503,018
Property rates	-	299,830
Occupational Health	680,719	696,810
	<b>70,200,987</b>	<b>64,205,108</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>16. Employee related costs</b>		
Basic	23,491,965	23,533,213
Bonus	2,006,530	-
Medical aid - company contributions	1,748,340	1,570,892
UIF	319,372	164,805
Pension Funds	3,964,014	3,014,090
Subsistence and travel	775,533	492,859
Overtime payments	1,214,849	907,908
Long-service awards	13,313	260,093
Acting allowances	38,036	-
Travel, Motor car and other allowances	1,442,949	1,253,880
Housing benefits and allowances	201,549	187,128
Uniform allowances	191,012	-
Municipal Ward Committees	-	1,122,322
	<b>35,407,462</b>	<b>32,507,190</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	874,438	177,647
Car Allowance	291,471	59,216
Contributions to UIF, Medical and Pension Funds	11,225	444
	<b>1,177,134</b>	<b>237,307</b>
<b>Remuneration of Director Economic Development and Planning - Mr SDG Khuzwayo</b>		
Annual Remuneration	185,336	-
Car Allowance	61,785	-
Contributions to UIF, Medical and Pension Funds	2,493	-
	<b>249,614</b>	<b>-</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>16. Employee related costs (continued)</b>		
<b>Remuneration of Chief Finance Officer - TM Nkosi</b>		
Annual Remuneration	279,358	683,198
Car Allowance	86,897	205,353
Contributions to UIF, Medical and Pension Funds	16,870	36,081
Leave pay	203,086	-
	<b>586,211</b>	<b>924,632</b>
<b>Remuneration of Director EDP - PN Mhlongo</b>		
Annual Remuneration	165,086	660,344
Car Allowance	49,526	198,103
Performance Bonuses	-	29,018
Contributions to UIF, Medical and Pension Funds	2,747	1,785
Leave pay	221,902	-
	<b>439,261</b>	<b>889,250</b>
<b>Remuneration of Director Technical Services - Mr DH Mzolo</b>		
Annual Remuneration	463,009	-
Car Allowance	169,909	-
Contributions to UIF, Medical and Pension Funds	46,945	-
Backpay	7,745	-
	<b>687,608</b>	-
<b>Remuneration of Director Corporate Services - Dr MG Ntuli</b>		
Annual Remuneration	738,914	40,236
Car Allowance	215,388	14,586
Contributions to UIF, Medical and Pension Funds	10,263	149
	<b>964,565</b>	<b>54,971</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>17. Remuneration of councillors</b>		
<b>Mayor: NV Chili</b>		
Salary	711,753	614,790
Telephone allowance	40,800	19,370
Backpay	50,253	-
Medical aid	33,954	22,110
	<b>836,760</b>	<b>656,270</b>
<b>Deputy mayor: EN Blose</b>		
Salary	268,643	260,284
Telephone allowance	40,800	21,512
Backpay	58,558	-
Pension	56,683	39,043
Medical aid	15,508	14,620
	<b>440,192</b>	<b>335,459</b>
<b>Speaker: GK Ngidi</b>		
Salaries	568,214	509,517
Travel	-	19,370
Telephone allowance	40,800	-
Backpay	40,203	-
Medical aid	28,314	-
	<b>677,531</b>	<b>528,887</b>
<b>Executive Committee Members and Other Councillors</b>		
Salaries	11,834,830	7,207,715
Travel	127,186	142,104
Telephone allowance	1,509,600	731,311
Backpay	849,516	199,963
Pension	958,550	358,663
Medical aid	343,333	86,544
Subsistence and travel	1,279,621	1,439,157
SDL	118,475	-
	<b>17,021,111</b>	<b>10,165,457</b>

### In-kind benefits

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

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

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

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

The Mayor has two full-time bodyguards. Bodyguards are employed by the municipality

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>18. Depreciation and amortisation</b>		
Property, plant and equipment	17,586,872	16,196,760
Intangible assets	173,571	103,904
	<b>17,760,443</b>	<b>16,300,664</b>
<b>19. Impairment loss</b>		
Contributions to debt impairment provision	2,371,628	2,674,990
Impairment on property, plant and equipment	-	2,060,300
	<b>2,371,628</b>	<b>4,735,290</b>
<b>20. Finance costs</b>		
Interest	116,671	18,686
<b>21. Cash generated from operations</b>		
Surplus	37,123,651	34,101,158
<b>Adjustments for:</b>		
Depreciation and amortisation	17,760,443	16,300,664
Gain on sale of assets and liabilities	632,986	20,151
Debt impairment	2,371,628	4,735,290
Movements in operating lease assets and accruals	-	9,419
Movements in provisions	13,313	199,802
Interest accrued	-	(656,723)
Increase in leave accrual	879,769	-
Other non cash items	(26,986)	-
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(1,015,742)	2,702,459
Consumer debtors	(5,958,326)	(3,102,266)
Payables from exchange transactions	9,483,991	(6,914,366)
VAT	4,546,955	88,488
Taxes and transfers payable (non exchange)	4,382,526	(1,920,373)
Unspent conditional grants and receipts	(5,141,284)	76,930
	<b>65,052,924</b>	<b>45,640,633</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>22. Commitments</b>		
<b>Authorised expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	83,060,151	32,061,889
• Investment property	-	9,345,661
	<b>83,060,151</b>	<b>41,407,550</b>
<b>Not yet contracted for and authorised by accounting officers</b>		
• Property, plant and equipment	-	21,959,296
• Investment property	-	17,033,172
• Intangible assets	-	2,415,082
	-	<b>41,407,550</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	83,060,151	41,407,550
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	939,643	4,505
- in second to fifth year inclusive	1,096,250	751
	<b>2,035,893</b>	<b>5,256</b>

Operating lease payments represent rentals payable by the municipality for certain of its office photocopiers. Leases are negotiated for an average term of four to five years. No contingent rent is payable.

## 23. Related parties

### Related party balances

#### Loan accounts - Owing (to) by related parties

KDM	50,816	2,030
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### Related party transactions

#### Transactions with employees of the State

Consulting and professional fees	457,000	-
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## 24. Taxation

Municipalities are exempt from paying tax in terms of section 10(1)(a) of the Income Tax Act

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

Figures in Rand

### 25. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

2017

	Note	As previously reported	Correction of error	Restated
Property, plant and equipment		242,605,368	(2,107,304)	240,498,064

#### Statement of financial performance

2017

	Note	As previously reported	Correction of error	Restated
Depreciation and amortisation		(15,742,569)	(558,095)	(16,300,664)

#### Reclassifications

The following reclassifications were made to align the chart of accounts with the provisions of MSCOA:

#### Statement of financial position - extract

	As previously reported	Reclassification	Restated
Payables from exchange transactions	15,034,659	(3,798)	15,030,861
Payables from non-exchange transactions	-	3,798	3,798
	<b>15,034,659</b>	<b>-</b>	<b>15,034,659</b>

#### Statement of financial performance - extract

	As previously reported	Reclassification	Restated
Impairment loss	2,060,300	2,674,990	4,735,290
Debt impairment	2,674,990	(2,674,990)	-
Repairs and maintenance	4,180,516	(4,180,516)	-
Contracted services	5,173,165	(5,173,165)	-
General expenses	54,851,427	9,353,681	64,205,108
	<b>68,940,398</b>	<b>-</b>	<b>68,940,398</b>

### 26. Going concern

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

\* See Note 25



# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>27. Fruitless and wasteful expenditure</b>		
Opening balance	5,222,897	-
Add: Fruitless and wasteful expenditure - current year	-	5,222,897
Less: Amounts written off	-	-
	<b>5,222,897</b>	<b>5,222,897</b>
<b>Summary of cases for 2016/17</b>		
	<b>Number of cases</b>	<b>Value/Amount</b>
Litigation award and car rental	1	1,312,000
Overpayments	1	1,642,225
Consultant and contractor payments	1	2,268,672
	<b>3</b>	<b>5,222,897</b>
<b>28. Unauthorised expenditure</b>		
Opening balance	7,271,267	7,271,267
Add: Unauthorised expenditure - current year	-	-
Less: Amounts written off	-	-
	<b>7,271,267</b>	<b>7,271,267</b>
<b>29. Irregular expenditure</b>		
Opening balance	51,739,470	33,819,245
Add: Irregular Expenditure - current year	3,335,009	17,920,225
Less: Amounts written off	-	-
	<b>55,074,479</b>	<b>51,739,470</b>
<b>Summary of cases for 2017/2018</b>		
	<b>Number of cases</b>	<b>Value/Amount</b>
Deviations	1	545,152
Ayanda Mbanga - Contract extension	1	557,186
Dolphin Coast - Contract extension	1	711,203
Avert Peast - Contract extension	1	34,668
Funeral services - Contract extension	1	1,486,800
	<b>5</b>	<b>3,335,009</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
<b>30. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	500,000	500,000
Amount paid - current year	(500,000)	(500,000)
	-	-
<b>Audit fees</b>		
Opening balance	-	1,079,064
Current year subscription / fee	1,265,626	1,091,502
Amount paid - current year	(1,265,626)	(2,170,566)
	-	-
<b>PAYE and UIF</b>		
Current year subscription / fee	4,742,972	5,975,836
Amount paid - current year	(4,742,972)	(5,975,836)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	12,637,146	7,437,159
Amount paid - current year	(12,637,146)	(7,437,159)
	-	-
<b>VAT</b>		
VAT receivable	(420,514)	12,462,670

VAT output payables and VAT input receivables are shown in note 3.

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

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

2018

2017  
Restated\*

### 31. Employee benefit obligations

#### Defined benefit plan

The Council provides retirement benefits to employees by contributing to a provident fund. Membership of the provident fund is compulsory for all permanent employees. The personnel are members of the following provident funds:

#### Kwazulu-Natal Joint Municipality Provident Fund

Interim Actuarial valuation as at 31 March 2016.

#### Results of the valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R20 196 000 is required to be held in the Risk Reserve Account. The market value of the assets exceeded the liabilities by R359 015 000 at the valuation date. At the previous valuation date there was a surplus. The Fund is financially sound as at the valuation date.

#### Benefits

Pension age	65 years
Earliest retirement age	58 years

Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.

Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuses.

Benefit on retirement after earliest retirement age or pension age - Full benefit.

Benefit on retirement because of ill health - Full benefit.

Benefit on death in service - Full benefit plus 0,7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary.

#### Contributions

Members may choose to contribute at a rate of 5%, 7% or 9,25% of their pensionable emoluments in terms of regulation 14(a)

Participating employers contribute at a rate of 1,95 times of the rate of members contribution in terms of regulation 17(1)(b)

Of the contribution by the Employer, 3.75% of pensionable emoluments is applied to meeting cost of the risk benefits and expenses

#### Long Service Award Liability

##### Introduction

In estimating the unfunded liability for LSA of the Municipality a number of actuarial assumptions are required. The GRAP 25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA arrangement – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and current-service costs are recognised over time.

The key financial and demographic assumptions are summarised below.

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
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### Key financial assumptions

The summary of the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year.

Assumptions	Value p.a.
Discount rate	8.52%
General Salary Inflation (long-term)	6.34%
Net effective discount rate	2.05%

The salaries used in the valuation include an assumed increase on 1 July 2017 of 7.36% as per the SALGBC Circular No.: 2/2017. The next salary increase was assumed to take place on 1 July 2018.

### Key demographic assumptions

The summary of the key demographic assumptions used.

Assumptions	Value
Average retirement age	60
Mortality during employment	SA 85-90
Withdrawal from service (sample annual rates)	Rate
	Male
	Female
	Age
	20
	30
	40
	50
	55
	24%
	18%
	10%
	4%
	2%
	16%
	12%
	8%
	4%
	2%

### Result

#### Introduction

The results presented in this report focus on the Accrued Liability, as described in Section 4.2. This section contains a summary of the results.

#### Accrued Liability

The summary of the Unfunded Accrued Liability as at 30 June 2017.

Unfunded Accrued Liability

#### Unfunded Accrued Liability

Total value of liabilities	1,415,790	1,402,477
Value of assets	-	-
Unfunded accrued liability	1,415,790	1,402,477

#### Current-Service, Interest Costs and Actuarial Loss/(Gains)

The summary of the Current-service Cost and the Interest Cost for the current and next financial years, is reflected below. The actuarial loss/(gains) arise from three components: the effects of changes in net discount rates, membership and salaries.

#### Current-Service, Interest Costs and Actuarial Loss/(Gains)

Current service cost	151,556	153,985
Interest cost	106,491	100,952
Actuarial (gains) / loss	66,937	5,156

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

	2018	2017 Restated*
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Notes:

(i) The Current-service Cost reflects the additional liability that is expected to accrue in respect of in-service members' service over the corresponding year.

(ii) The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit vestings, over the corresponding year. This arises because all future LSA benefits are one year closer to payment.

### 32. Financial instruments disclosure

#### Categories of financial instruments

##### 2018

#### Financial assets

	At fair value	At amortised cost	Total
Consumer debtors	-	7,892,487	7,892,487
Cash and cash equivalents	122,282,922	-	122,282,922
Trade and other receivables from exchange transactions	3,171,844	-	3,171,844
	<b>125,454,766</b>	<b>7,892,487</b>	<b>133,347,253</b>

In accordance with GRAP 104.3 the financial assets of the municipality were classified as above.

#### Financial liabilities

	At fair value	At amortised cost	Total
Trade payables	12,170,920	-	12,170,920
Accrued leave	-	2,936,285	2,936,285
Salary (13th cheque)	-	949,800	949,800
Taxes and transfers payable (non-exchange)	4,386,324	-	4,386,324
	<b>16,557,244</b>	<b>3,886,085</b>	<b>20,443,329</b>

##### 2017

#### Financial assets

	At fair value	At amortised cost	Total
Consumer debtors	-	4,305,789	4,305,789
Cash and cash equivalents	111,730,796	-	111,730,796
Trade and other receivables from exchange transactions	2,156,102	-	2,156,102
	<b>113,886,898</b>	<b>4,305,789</b>	<b>118,192,687</b>

#### Financial liabilities

	At fair value	At amortised cost	Total
Trade payables	5,629,846	-	5,629,846
Income received in advance	-	313,044	313,044
Accrued leave	-	2,956,739	2,956,739
Salary (13th cheque)	-	388,411	388,411
Taxes and transfers payable (non-exchange)	3,798	-	3,798
	<b>5,633,644</b>	<b>3,658,194</b>	<b>9,291,838</b>

\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

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	2018	2017 Restated*
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### 33. Risk management

#### Credit risk

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

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

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

Financial instrument	2018	2017
Consumer debtors	7,892,487	4,305,789
Cash and cash equivalents	122,282,922	111,730,796
Trade and other receivables from exchange transactions	3,171,844	2,156,102

#### Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

#### Interest rate risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

#### Interest rate risk

As the municipality has interest-bearing assets, the municipality's income and operating cash flows are dependent of changes in market interest rates.

### 34. Operating lease commitments (lessor)

Within 1 year	-	262,581
Between 2 to 5 years	-	430,845
	-	<b>693,426</b>

Rental income represents rentals received by the municipality for certain of its office properties. Leases are negotiated for an average term of 3 to 5 years with fixed escalations per annum.

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\* See Note 25

# Ndwedwe Local Municipality

Financial Statements for the year ended 30 June 2018

## Notes to the Financial Statements

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Figures in Rand

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### **35. Deviation from supply chain management regulations**

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements. Deviations totalled R nil (2017: R10 301 460) for the period ended 30 June 2018.

### **36. Subsequent events**

The municipality appointed Mr. M.F Hadede as the Accounting Officer on 13 August 2018.

**Ndwedwe Local Municipality**  
**Ndwedwe Local Municipality**  
**Appendix B (Unaudited Supplementary Schedules)**

**Analysis of property, plant and equipment as at 30 June 2018**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly Identified Assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	150,000	-	-	-	-	-	150,000	-	-	-	-	-	-	150,000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work-in-progress (Buildings)	1,860,606	-	-	-	-	-	1,860,606	-	-	-	-	-	-	1,860,606
Office Buildings	9,121,683	-	-	-	-	-	9,121,683	-	-	-	(576,134)	51,970,128	51,393,994	60,515,677
	<b>11,132,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,132,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(576,134)</b>	<b>51,970,128</b>	<b>51,393,994</b>	<b>62,526,283</b>
<b>Infrastructure</b>														
Roads, Pavements & Bridges	82,179,341	-	-	-	-	-	82,179,341	-	-	-	(9,588,151)	-	(9,588,151)	72,591,190
Solid Waste Generation	31,638	-	-	-	-	-	31,638	-	-	-	-	-	-	31,638
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work-in-progress (Infrastructure)	47,268,696	1,970,128	(12,037,192)	-	-	-	37,201,632	-	-	-	-	-	-	37,201,632
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>129,479,675</b>	<b>1,970,128</b>	<b>(12,037,192)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,412,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,588,151)</b>	<b>-</b>	<b>(9,588,151)</b>	<b>109,824,460</b>
<b>Community Assets</b>														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community buildings	61,090,030	7,175,596	-	-	-	-	68,265,626	-	-	-	(3,778,974)	(248)	(3,779,222)	64,486,404
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work-in-progress (Community)	18,886,127	-	-	-	-	-	18,886,127	-	-	-	-	-	-	18,886,127
	<b>79,976,157</b>	<b>7,175,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,151,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,778,974)</b>	<b>(248)</b>	<b>(3,779,222)</b>	<b>83,372,531</b>



**Ndwedwe Local Municipality**  
**Ndwedwe Local Municipality**  
**Appendix B (Unaudited Supplementary**  
**Schedules)**

**Analysis of property, plant and equipment as at 30 June 2018**

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly Identified Assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

<b>Heritage assets</b>													
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Specialised vehicles</b>													
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>													
Transport Assets	11,343,847	-	-	-	-	11,343,847	-	-	-	-	(1,652,607)	(1,652,607)	9,691,240
Machinery & equipment	8,114,579	-	-	-	-	8,114,579	-	-	-	-	-	-	8,114,579
Computer Equipment	1,543,505	-	-	-	-	1,543,505	-	-	-	-	-	-	1,543,505
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office equipment	1,015,316	-	-	-	-	1,015,316	-	-	-	-	-	-	1,015,316
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>22,017,247</b>	-	-	-	-	<b>22,017,247</b>	-	-	-	-	<b>(1,652,607)</b>	<b>(1,652,607)</b>	<b>20,364,640</b>

**Ndwedwe Local Municipality**  
**Ndwedwe Local Municipality**  
**Appendix B (Unaudited Supplementary**  
**Schedules)**

**Analysis of property, plant and equipment as at 30 June 2018**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly Identified Assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	11,132,289	-	-	-	-	-	<b>11,132,289</b>	-	-	-	(576,134)	51,970,128	<b>51,393,994</b>	62,526,283
Infrastructure	129,479,675	1,970,128	(12,037,192)	-	-	-	<b>119,412,611</b>	-	-	-	(9,588,151)	-	<b>(9,588,151)</b>	109,824,460
Community Assets	79,976,157	7,175,596	-	-	-	-	<b>87,151,753</b>	-	-	-	(3,778,974)	(248)	<b>(3,779,222)</b>	83,372,531
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	22,017,247	-	-	-	-	-	<b>22,017,247</b>	-	-	-	-	(1,652,607)	<b>(1,652,607)</b>	20,364,640
	<b>242,605,368</b>	<b>9,145,724</b>	<b>(12,037,192)</b>	-	-	-	<b>239,713,900</b>	-	-	-	<b>(13,943,259)</b>	<b>50,317,273</b>	<b>36,374,014</b>	<b>276,087,914</b>
<b>Agricultural/Biological assets</b>														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>														
Computers - software & programming	229,072	850,153	-	-	-	-	<b>1,079,225</b>	(212,608)	-	-	(103,904)	-	<b>(316,512)</b>	762,713
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>229,072</b>	<b>850,153</b>	-	-	-	-	<b>1,079,225</b>	<b>(212,608)</b>	-	-	<b>(103,904)</b>	-	<b>(316,512)</b>	<b>762,713</b>
<b>Investment properties</b>														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>														
Land and buildings	11,132,289	-	-	-	-	-	<b>11,132,289</b>	-	-	-	(576,134)	51,970,128	<b>51,393,994</b>	62,526,283
Infrastructure	129,479,675	1,970,128	(12,037,192)	-	-	-	<b>119,412,611</b>	-	-	-	(9,588,151)	-	<b>(9,588,151)</b>	109,824,460
Community Assets	79,976,157	7,175,596	-	-	-	-	<b>87,151,753</b>	-	-	-	(3,778,974)	(248)	<b>(3,779,222)</b>	83,372,531
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	22,017,247	-	-	-	-	-	<b>22,017,247</b>	-	-	-	-	(1,652,607)	<b>(1,652,607)</b>	20,364,640
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	229,072	850,153	-	-	-	-	<b>1,079,225</b>	(212,608)	-	-	(103,904)	-	<b>(316,512)</b>	762,713
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>242,834,440</b>	<b>9,995,877</b>	<b>(12,037,192)</b>	-	-	-	<b>240,793,125</b>	<b>(212,608)</b>	-	-	<b>(14,047,163)</b>	<b>50,317,273</b>	<b>36,057,502</b>	<b>276,850,627</b>

**Ndwedwe Local Municipality**  
**Ndwedwe Local Municipality**  
**Appendix B (Unaudited Supplementary Schedules)**

**Analysis of property, plant and equipment as at 30 June 2017**

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly Identified assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	150,000	-	-	-	-	-	150,000	-	-	-	-	-	-	150,000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress (Buildings)	-	1,860,606	-	-	-	-	1,860,606	-	-	-	-	-	-	1,860,606
Buildings (Separate for AFS purposes)	13,838,467	-	-	-	-	-	13,838,467	(4,140,676)	-	-	(576,108)	-	(4,716,784)	9,121,683
	<b>13,988,467</b>	<b>1,860,606</b>	-	-	-	-	<b>15,849,073</b>	<b>(4,140,676)</b>	-	-	<b>(576,108)</b>	-	<b>(4,716,784)</b>	<b>11,132,289</b>
<b>Infrastructure</b>														
Roads, Pavements & Bridges	119,069,979	-	-	14,163,396	-	-	133,233,375	(41,691,611)	-	(8,864,487)	(497,936)	(497,936)	(51,551,970)	81,681,405
Solid Waste Disposal Generation	68,427	-	-	-	-	-	68,427	(30,672)	-	-	(6,117)	-	(36,789)	31,638
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress (Infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
W.I.P	40,421,123	21,010,969	-	(14,163,396)	-	-	47,268,696	-	-	-	-	-	-	47,268,696
	<b>159,559,529</b>	<b>21,010,969</b>	-	-	-	-	<b>180,570,498</b>	<b>(41,722,283)</b>	-	<b>(8,864,487)</b>	<b>(504,053)</b>	<b>(497,936)</b>	<b>(51,588,759)</b>	<b>128,981,739</b>
<b>Community Assets</b>														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community buildings	73,278,130	-	(51,284)	13,438,826	-	-	86,665,672	(20,531,316)	31,133	-	(3,516,547)	(1,558,912)	(25,575,642)	61,090,030
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	21,465,783	10,859,170	(13,438,826)	-	-	-	18,886,127	-	-	-	-	-	-	18,886,127
	<b>94,743,913</b>	<b>10,859,170</b>	<b>(13,490,110)</b>	<b>13,438,826</b>	-	-	<b>105,551,799</b>	<b>(20,531,316)</b>	<b>31,133</b>	-	<b>(3,516,547)</b>	<b>(1,558,912)</b>	<b>(25,575,642)</b>	<b>79,976,157</b>

**Ndwedwe Local Municipality**  
**Ndwedwe Local Municipality**  
**Appendix B (Unaudited Supplementary**  
**Schedules)**

**Analysis of property, plant and equipment as at 30 June 2017**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly Identified assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Specialised vehicles</b>														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>														
General vehicles	9,051,808	5,620,550	-	-	-	-	<b>14,672,358</b>	(1,948,619)	-	-	(1,379,892)	-	<b>(3,328,511)</b>	11,343,847
Machinery and equipment	10,292,311	1,739,426	-	-	-	-	<b>12,031,737</b>	(3,210,383)	167,864	-	(706,405)	(370)	<b>(3,749,294)</b>	8,282,443
Computer Equipment	2,221,567	974,448	-	-	-	-	<b>3,196,015</b>	(1,184,939)	127,720	-	(265,219)	-	<b>(1,322,438)</b>	1,873,577
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and office equipment	2,699,063	374,211	-	-	-	-	<b>3,073,274</b>	(1,795,840)	-	-	(259,038)	(3,080)	<b>(2,057,958)</b>	1,015,316
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>24,264,749</b>	<b>8,708,635</b>	-	-	-	-	<b>32,973,384</b>	<b>(8,139,781)</b>	<b>295,584</b>	-	<b>(2,610,554)</b>	<b>(3,450)</b>	<b>(10,458,201)</b>	<b>22,515,183</b>

**Ndwedwe Local Municipality**  
**Ndwedwe Local Municipality**  
**Appendix B (Unaudited Supplementary**  
**Schedules)**

**Analysis of property, plant and equipment as at 30 June 2017**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Newly Identified assets at fair value Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	13,988,467	1,860,606	-	-	-	-	15,849,073	(4,140,676)	-	-	(576,108)	-	(4,716,784)	11,132,289
Infrastructure	159,559,529	21,010,969	-	-	-	-	180,570,498	(41,722,283)	-	(8,864,487)	(504,053)	(497,936)	(51,588,759)	128,981,739
Community Assets	94,743,913	10,859,170	(13,490,110)	13,438,826	-	-	105,551,799	(20,531,316)	31,133	-	(3,516,547)	(1,558,912)	(25,575,642)	79,976,157
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	24,264,749	8,708,635	-	-	-	-	32,973,384	(8,139,781)	295,584	-	(2,610,554)	(3,450)	(10,458,201)	22,515,183
	<b>292,556,658</b>	<b>42,439,380</b>	<b>(13,490,110)</b>	<b>13,438,826</b>	-	-	<b>334,944,754</b>	<b>(74,534,056)</b>	<b>326,717</b>	<b>(8,864,487)</b>	<b>(7,207,262)</b>	<b>(2,060,298)</b>	<b>(92,339,386)</b>	<b>242,605,368</b>
<b>Agricultural/Biological assets</b>														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>														
Computers - software & programming	229,072	850,153	-	-	-	-	1,079,225	(212,608)	-	-	(103,904)	-	(316,512)	762,713
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>229,072</b>	<b>850,153</b>	-	-	-	-	<b>1,079,225</b>	<b>(212,608)</b>	-	-	<b>(103,904)</b>	-	<b>(316,512)</b>	<b>762,713</b>
<b>Investment properties</b>														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>														
Land and buildings	13,988,467	1,860,606	-	-	-	-	15,849,073	(4,140,676)	-	-	(576,108)	-	(4,716,784)	11,132,289
Infrastructure	159,559,529	21,010,969	-	-	-	-	180,570,498	(41,722,283)	-	(8,864,487)	(504,053)	(497,936)	(51,588,759)	128,981,739
Community Assets	94,743,913	10,859,170	(13,490,110)	13,438,826	-	-	105,551,799	(20,531,316)	31,133	-	(3,516,547)	(1,558,912)	(25,575,642)	79,976,157
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	24,264,749	8,708,635	-	-	-	-	32,973,384	(8,139,781)	295,584	-	(2,610,554)	(3,450)	(10,458,201)	22,515,183
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	229,072	850,153	-	-	-	-	1,079,225	(212,608)	-	-	(103,904)	-	(316,512)	762,713
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>292,785,730</b>	<b>43,289,533</b>	<b>(13,490,110)</b>	<b>13,438,826</b>	-	-	<b>336,023,979</b>	<b>(74,746,664)</b>	<b>326,717</b>	<b>(8,864,487)</b>	<b>(7,311,166)</b>	<b>(2,060,298)</b>	<b>(92,655,898)</b>	<b>243,368,081</b>