



UMZIMVUBU
— LOCAL MUNICIPALITY —

ANNUAL FINANCIAL STATEMENTS

30 June 2012

Index

Contents	Page
General Information	1-2
Approval of the Financial Statements	3
Report of the Auditor General	4
Report of the Chief Financial Officer	5-10
Statement of Financial Position	11
Statement of Financial Performance	12
Statement Of Changes in Net Assets	13
Cash Flow Statement	14
Accounting Policies	15-35
Notes to the Financial Statements	36
APPENDICES as per GRAP 1.12	
A Schedule of External Loans	74
B Analysis of Property, Plant and Equipment	75-77
C Segmental Analysis of Property, Plant and Equipment	78
D Segmental Statement of Financial Performance	79
E (1) Actual Versus Budget (Revenue and Expenditure)	80
E (2) Actual Versus Budget (Acquisition of Property, Plant and Equipment)	81
F Disclosure of Grants and Subsidies in terms of section 123 of MFMA, 56 of 2	82
G Disclosure of the Remuneration of Management (GRAP 20)	83-86

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 June 2012

Mayor	Speaker	Chief Whip
KS Pangwa	ZO Sisilana	N Mbele
Members	Portfolio	
MV Nkqayi	Infrastructure and Planning	
VA Bulana	Community Services	
LT Qasha	Corporate Services	
Z Ndevu	Budget and Treasury	
EN Ngalonkulu - Lebelo	Communications and SPU	
N Mpumlwana	Local Economic Development	
N Nkula	Exco Member	
PK Thingathinga	Exco Member	

AUDITORS

Auditor-General
East London
Eastern Cape

BANKERS

First National Bank
Mount Frere

REGISTERED OFFICE

Erf 813 Main Street
Mount Frere

Private Bag X9020
Mount Frere
5090

Tel: (039) 255 0166
Fax: (039) 255 0167

Webpage: www.umzimvubu.gov.za

MUNICIPAL MANAGER

Mr. G.P.T. Nota

CHIEF FINANCIAL OFFICER

Mr. M. Hloba

GENERAL INFORMATION (continued)

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

OBJECTIVES

The municipality strives, within its financial and administrative capacity, to achieve the following objects:

- to provide democratic and accountable government for local communities
- to ensure the provision of services to communities in a sustainable manner
- to promote social and economic development
- to promote a safe and healthy environment

to encourage the involvement of communities and community organisations in the matters of local government

GRADING

Grade 3

JURISDICTION

Greater Umzimvubu area which includes:
Mount Frere, Mount Ayliff
and
various rural areas

2011/12

MEMBERS OF THE UMZIMVUBU LOCAL MUNICIPALITY

COUNCILLORS

WARD

- | | |
|----|---------------|
| 1 | FJ Hem |
| 2 | AL Mwezula |
| 3 | MV Nkqayi |
| 4 | MM Mpepanduku |
| 5 | M Mpakumpaku |
| 6 | X Jona |
| 7 | NM Mlenzana |
| 8 | M Jojo |
| 9 | ZJ Mendu |
| 10 | V Nyangane |
| 11 | N Gogela |
| 12 | ZB Mtebele |
| 13 | CT Ndawo |
| 14 | BMA Zililo |
| 15 | N Sonyabashi |
| 16 | SAN Cekeshe |
| 17 | S Mankanku |
| 18 | NT Xezu |
| 19 | N Jijana |
| 20 | V Ngabaza |
| 21 | FN Ngonyolo |
| 22 | CM Ngalonkulu |
| 23 | BT Ngqasa |
| 24 | MH Kwekwile |
| 25 | NA Sobahle |
| 26 | NP Ndabeni |
| 27 | S Nogcantsi |

PROPORTIONAL

- | |
|----------------------|
| N Nkula |
| SP Myingwa |
| EN Ngalonkulu-Lebelo |
| N Mpumlwana |
| NE Pakkies |
| T Mabindisa |
| MM Gwanya |
| AZ Gwebani |
| N Boyce |
| NO Godlo |
| LT Qasha |
| B Mngweba |
| NP Mlandu |
| UN Makanda |
| PK Thingathinga |
| TA Mambi |
| F Ntwakumba |
| ZO Sisilana |
| N Mbele |
| KS Phangwa |
| NN Gcadinja |
| VA Bulana |
| N Mpanda |
| SK Mnukwa |
| Z Ndevu |
| B Ripa |
| NA Matshongo |

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 83-86 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 remuneration of Councillors and in-kind benefits 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.


Mr. G.P.T. Ntola

Municipal Manager

30/11/2012
Date

These Financial Statements have not been audited

UMZIMVUBU LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 JUNE 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

1 INTRODUCTION

It gives me great pleasure to present the financial position of Umzimvubu Local Municipality at 30 June 2012 and the results of its operations and cash flows for the year then ended.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2010/11 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2012 indicates an increase in Net Assets.

2 KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality. Payments from Debtors does however not appear good.

Financial Statement Ratios:

INDICATOR	2012	2011
Surplus / (Deficit) before Appropriations	(918 426)	15 024 735
Surplus / (Deficit) at the end of the Year	245 438 419	246 356 844
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	24.84%	22.63%
Remuneration of Councillors	9.60%	8.14%
Collection Costs	0.00%	0.00%
Depreciation and Amortisation	21.37%	16.64%
Impairment Losses	5.68%	6.58%
Repairs and Maintenance	4.04%	3.73%
Interest Paid	0.49%	0.75%
Bulk Purchases	0.00%	0.00%
Contracted Services	0.49%	0.11%
Grants and Subsidies Paid	2.50%	1.55%
General Expenses	27.82%	24.04%
Government Grants (Conditional)	3.17%	15.54%
Current Ratio:		
Creditors Days	30	37
Debtors Days	3	25

3 OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

The services offered by Umzimvubu Local Municipality can generally be classified as Rates and General and Economic Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2012 are as follows:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	89 259 060	74 234 326	20.24%	-	-
Operating income for the year	135 614 075	154 980 658	(12.50)%	180 641 090	(24.93)%
	224 873 135	229 214 985	(1.89)%	180 641 090	24.49%
Expenditure:					
Operating expenditure for the year	136 532 501	139 955 924	(2.45)%	143 230 205	(4.68)%
Closing surplus / (deficit)	88 340 634	89 259 060	(1.03)%	37 410 884	136.14%
	224 873 135	229 214 984	(1.89)%	180 641 090	24.49%

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	133 607 462	153 199 474	(12.79)%	176 676 055	(24.38)%
Expenditure	128 658 950	139 548 678	(7.80)%	135 734 125	(5.21)%
Surplus / (Deficit)	4 948 512	13 650 796	(63.75)%	40 941 930	(87.91)%
Surplus / (Deficit) as % of total income	3.70%	8.91%		23.17%	

Variance from 2009/10 actual:

To Be analysed and commented on by the CFO

Variance from 2010/11 budget:

To Be analysed and commented on by the CFO

4 FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R43 351 818 (2011: R67 092 938). Full details of Assets are disclosed in Notes 9, 10, 11 and Appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R43 351 818 was financed as follows:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Grants and Subsidies	43 351 818	67 092 938	(35.39)%	74 345 914	(41.69)%
	43 351 818	67 092 938	(35.39)%	74 345 914	(41.69)%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2012	2011
Grants and Subsidies	100.00%	100.00%

5 RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2012	2011
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	37 410 884	98 315 080
Revenue variances	(45 027 015)	(47 105 637)
<i>Expenditure variances:</i>		
Employee Related Costs	3 761 447	14 263 356
Remuneration of Councillors	(1 076 758)	(1 161 748)
Collection Costs	500 000	-
Depreciation and Amortisation	(4 180 816)	(22 821 129)
Impairment Losses	442 190	(8 850 993)
Repairs and Maintenance	(1 350 484)	(1 859 217)
Interest Paid	(645 232)	(1 044 926)
Contracted Services	136 814	(160 256)
Grants and Subsidies Paid	493 673	(94 307)
Government Grants (Conditional)	596 714	(13 119 135)
General Expenses	8 020 157	(953 793)
Loss on disposal of Property, Plant and Equipment	-	(382 561)
Actual surplus before appropriations	(918 426)	15 024 735

DETAILS	2012	2011
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	37 410 884	98 315 080
Executive and Council	1 439 419	4 416 321
Finance and Administration	(20 661 491)	(46 304 923)
Planning and Development	(17 556 890)	(39 897 997)
Community and Social Services	901 767	(1 577 685)
Public Safety	(116 221)	-
Waste Management	(2 335 893)	73 938
Actual surplus before appropriations	(918 426)	15 024 735
	(0)	

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a brief explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

4.2 Capital Budget:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Variance actual 2011/12 / 2010/11 R	Budgeted 2011/12 R	Variance actual/ budgeted R
Executive and Council	44 666	322 706	(278 041)	1 057 640	(1 012 974)
Finance and Administration	402 829	584 479	(181 650)	3 309 450	(2 906 621)
Planning and Development	437 817	356 212	81 605	63 472 819	(63 035 002)
Health	-	-	-	-	-
Community and Social Services	5 171 272	2 572 567	2 598 705	60 000	5 111 272
Housing	-	-	-	-	-
Public Safety	-	611 286	(611 286)	275 000	(275 000)
Sport and Recreation	-	2 206 606	(2 206 606)	-	-
Environmental Protection	-	3 649	(3 649)	-	-
Waste Management	-	17 843 873	(17 843 873)	6 171 005	(6 171 005)
Roads and Transport	36 425 038	55 980 691	(19 555 652)	-	36 425 038
Water	-	87 273 295	(87 273 295)	-	-
Electricity	-	35 190 328	(35 190 328)	-	-
Other	-	2 855 458	(2 855 458)	-	-
	42 481 622	205 801 149	(163 319 527)	74 345 914	(31 864 292)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a short explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6 ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2012 amounted to R245 438 419 (30 June 2011: R246 356 844) and is made up as follows:

Capital Replacement Reserve	5 014 475
Capital Contributions from Government	229 112 890
Accumulated Surplus	11 311 054
	<u>245 438 419</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Capital Contributions from Government are utilised to offset the cost of depreciation of assets funded from Government Grants over the lifespan of such assets. Amounts equal to the cost of assets acquired from Government Grants are transferred to the reserve annually.

Refer to Note 17 and the Statement of Change in Net Assets for more detail.

7 LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2012 was R936 730 (30 June 2011: R1 255 479).

Refer to Note 15 and Appendix "A" for more detail.

8 NON-CURRENT PROVISIONS

Non-current Provisions amounted R6 126 599 as at 30 June 2012 (30 June 2011: R5 506 018) and is made up as follows:

Provision for Long-term Service	584 098
Provision for Rehabilitation of Land-fill Sites	5 542 501
	<u>6 126 599</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 16 for more detail.

9 CURRENT LIABILITIES

Current Liabilities amounted R13 101 799 as at 30 June 2012 (30 June 2011: R16 321 431) and is made up as follows:

Creditors	Note 12	11 045 615
Unspent Conditional Grants and Receipts	Note 13	1 737 435
Current Portion of Long-term Liabilities	Note 15	318 749
		<u>13 101 799</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

10 PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R213 856 505 as at 30 June 2012 (30 June 2011: R200 452 808).

Refer to Note 9 and Appendices "B, C and E (2)" for more detail.

11 INTANGIBLE ASSETS

The net value of Intangible Assets were R895 144 as at 30 June 2012 (30 June 2011: R298 057).

These are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix "B" for more detail.

12 INVESTMENT PROPERTIES

The net value of Investment Properties were R14 286 000 as at 30 June 2012 (30 June 2011: R14 286 000).

Refer to Note 11 and Appendix "B" for more detail.

13 CURRENT ASSETS

Current Assets amounted R36 565 897 as at 30 June 2012 (30 June 2011: R54 402 908) and is made up as follows:

Inventory	Note 2	451 017
Non-current Assets Held-for-Sale	Note 3	75 240
Receivables from Exchange Transactions	Note 4	104 968
Receivables from Non-exchange Transactions	Note 5	521 382
VAT Receivable	Note 6	769 944
Bank Balances and Cash	Note 7	34 559 735
Operating Lease Assets	Note 8	83 610
		<u>36 565 897</u>

The decrease in the amount for Current Assets is mainly due to Government Grants raised as a debtor for R13 million due to MIG funds which was only received after 30 June 2011.

Refer to the indicated Notes for more detail.

14 INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

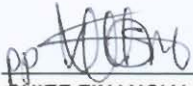
Refer to Notes 13 and 19, and Appendix "F" for more detail.

15 EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 48.

16 EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



CHIEF FINANCIAL OFFICER

16 November 2012

UMZIMVUBU LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

		Actual	
	Note	2012	2011
		R	R
ASSETS			
Current Assets		36 565 897	54 402 908
Inventory	2	451 017	354 278
Non-current Assets Held-for-Sale	3	75 240	-
Receivables from Exchange Transactions	4	104 968	628 346
Receivables from Non-exchange Transactions	5	521 382	16 193 321
VAT Receivable	6	769 944	7 365 723
Bank, Cash and Cash Equivalents	7	34 559 735	29 624 537
Operating Lease Assets	8	83 610	236 703
Non-Current Assets		229 037 649	215 036 864
Property, Plant and Equipment	9	213 856 505	200 452 808
Intangible Assets	10	895 144	298 057
Investment Property	11	14 286 000	14 286 000
Total Assets		265 603 546	269 439 772
LIABILITIES			
Current Liabilities		13 101 799	16 321 431
Payables	12	11 045 615	14 013 436
Unspent Conditional Grants and Receipts	13	1 737 435	2 016 582
Current Portion of Long-term Liabilities	15	318 749	291 413
Non-Current Liabilities		7 063 329	6 761 497
Long-term Liabilities	15	936 730	1 255 479
Non-current Provisions	16	6 126 599	5 506 018
Total Liabilities		20 165 128	23 082 928
Total Assets and Liabilities		245 438 419	246 356 844
NET ASSETS		245 438 419	246 356 844
Accumulated Surplus / (Deficit)	17	245 438 419	246 356 844
Total Net Assets		245 438 419	246 356 844

UMZIMVUBU LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

Budget		Note	Actual	
2 011	2 012		2 012	2 011
R	R		R	R
REVENUE				
Revenue from Non-exchange Transactions				
8 160 000	8 000 000	18	9 114 470	7 367 638
-	817 333		-	-
400 000	819 432		778 265	464 511
4 661 427	2 097 811		2 161 159	2 237 181
1 150 000	1 000 000		1 072 014	1 271 690
133 259 130	136 025 200	19	115 026 234	135 120 145
-	2 200	20	12 200	-
Revenue from Exchange Transactions				
1 300 000	2 600 000	21	2 006 595	1 781 184
1 064 974	1 091 183	22	803 617	965 203
5 000 000	3 538 894	23	2 127 973	3 362 168
-	256 297	23	427 813	984 073
46 290 764	24 012 740	24	2 083 734	1 082 744
300 000	280 000		-	344 123
300 000	280 000		-	344 123
202 086 295	180 641 090	Total Revenue	135 614 075	154 980 658
EXPENDITURE				
45 941 317	37 680 470	25	33 919 023	31 677 961
10 227 345	12 036 693	26	13 113 451	11 389 093
-	500 000		-	-
472 986	25 000 000	27	29 180 816	23 294 115
365 000	8 200 000	28	7 757 810	9 215 993
3 359 264	4 164 991		5 515 476	5 218 481
-	19 000	29	664 232	1 044 926
-	804 000	30	667 186	160 256
2 080 520	3 901 319	31	3 407 646	2 174 827
32 692 882	45 998 732	32	37 978 575	33 646 675
8 631 901	4 925 000	33	4 328 286	21 751 036
-	-		-	382 561
103 771 215	143 230 205	Total Expenditure	136 532 501	139 955 924
98 315 080	37 410 884	SURPLUS / (DEFICIT) FOR THE YEAR	(918 426)	15 024 735

Refer to Appendix E(1) for explanation of budget variances

UMZIMVUBU LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

Description	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R
2010		
Balance at 30 June 2010	219 317 835	219 317 835
Correction of Error - penultimate financial year (Note 34)	12 014 275	12 014 275
Restated Balance 30 June 2010	231 332 110	231 332 110
2011		
Surplus / (Deficit) 2010/11	14 257 525	14 257 525
Balance at 30 June 2011	245 589 635	245 589 635
Correction of Error - previous financial year (Note 34)	767 209	767 209
Restated Balance 30 June 2011	246 356 844	246 356 844
2012		
Surplus / (Deficit) 2011/12	(918 426)	(918 426)
Balance at 30 June 2012	245 438 418	245 438 419

UMZIMVUBU LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2012

	Note	Actual 2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		6 246 353	2 011 552
Grants		114 747 087	127 226 220
Public Contributions and Donations		12 200	0
Service Charges		452 882	100 729
Interest Received		2 555 786	4 346 241
Other Receipts		26 156 462	(13 142 161)
		150 170 770	120 542 581
Payments			
Employee Related Costs		(33 619 213)	(31 275 106)
Remuneration of Councillors		(13 113 451)	(11 389 093)
Interest Paid		(664 232)	(1 044 926)
Suppliers and other payments		(53 878 750)	(62 711 092)
		(101 275 646)	(106 420 217)
NET CASH FLOWS FROM OPERATING ACTIVITIES		48 895 124	14 122 364
Cash receipts from Ratepayers, Government and Other		147 614 984	116 196 340
Cash paid to Suppliers and Employees		(100 928 109)	(105 375 290)
Cash generated from / (utilised in) Operations	35	46 686 875	10 821 050
Interest received	23	2 555 786	4 346 241
Interest paid	29	(664 232)	(1 044 926)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		48 578 429	14 122 365
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(42 481 621)	(67 264 724)
Purchase of Intangible Assets	10	(870 195)	(231 122)
Proceeds on Disposal of Property, Plant and Equipment			751 986
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(43 351 816)	(66 743 860)
CASH FLOWS FROM FINANCING ACTIVITIES			
New Loans raised	15		1 833 729
Loans repaid	15	(291 413)	(286 837)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(291 413)	1 546 892
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7	4 935 198	(51 074 604)
Cash and Cash Equivalents at the beginning of the year		29 624 537	80 699 141
Cash and Cash Equivalents at the end of the year		34 559 735	29 624 537

The Cash Flow Statement was restated from the indirect method to the direct method of accounting.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 2 011
R R

1 GENERAL INFORMATION

Umzimvubu Local Municipality (the municipality) is a local government institution in Mount Frere, Eastern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

2 INVENTORY

Stationery - at cost	451 017	354 278
Total Inventory	451 017	354 278

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

No Inventories have been pledged as collateral for Liabilities of the municipality.

3 NON-CURRENT ASSETS HELD-FOR-SALE

Other Assets Held-for-Sale - at cost	75 240	-
Net Non-current Assets Held-for-Sale	75 240	-

The municipality intends to dispose some of its Property, Plant and Equipment through public auction within the next ten months. (Mainly old furniture & computer hardware).

4 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Service Debtors:	7 910 478	7 829 243	81 235
Refuse	7 910 478	7 829 243	81 235
Other Debtors	1 341 078	1 317 346	23 733
Value Added Tax (VAT)	1 107 993	1 084 749	23 244
Land sales	232 596	232 596	-
Third Parties (Salaries)	489		489
Total Trade Receivables from Exchange Transactions	9 251 556	9 146 588	104 968

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Service Debtors:	6 356 765	6 194 318	162 447
Refuse	6 356 765	6 194 318	162 447
Other Debtors	1 105 134	639 235	465 899
Value Added Tax (VAT)	833 537	639 235	194 302
Land sales	271 596		271 596
Total Trade Receivables from Exchange Transactions	7 461 899	6 833 553	628 346

The municipality did not pledge any of its Trade Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Trade Receivables approximate their fair values.

The fair value of Trade Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Trade Receivables as well as the current payment ratio's of the municipality's Trade Receivables.

4.1 Ageing of Trade Receivables from Exchange Transactions

As at 30 June 2012

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Refuse:					
Gross Balances	158 749	155 761	154 225	7 441 744	7 910 478
Less: Provision for Impairment	146 290	145 245	144 895	7 392 812	7 829 243
Net Balances	12 459	10 515	9 330	48 931	81 235

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012			2011
	R			R
<i>Other Debtors:</i>				
Gross Balances	22 711	21 786	21 590	1 274 990
Less: Provision for Impairment	20 479	20 334	20 284	1 256 248
Net Balances	2 232	1 451	1 306	18 743
				23 732

As at 30 June Trade Receivables of R 90277 were past due but not impaired. The age analysis of these Trade Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<i>All Trade Receivables:</i>				
Gross Balances	177 546	175 815	8 716 734	9 070 096
Less: Provision for Impairment	165 580	165 179	8 649 060	8 979 819
Net Balances	11 967	10 636	67 674	90 277

As at 30 June 2011

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<i>Refuse:</i>					
Gross Balances	161 650	159 047	158 086	5 877 982	6 356 765
Less: Provision for Impairment	148 011	147 313	147 180	5 751 814	6 194 318
Net Balances	13 640	11 734	10 905	126 168	162 447
<i>Other Debtors:</i>					
Gross Balances	21 216	71 737	58 179	954 002	1 105 133
Less: Provision for Impairment	17 748	17 697	17 669	586 121	639 235
Net Balances	3 468	54 040	40 510	367 880	465 899

As at 30 June Trade Receivables of R611238 were past due but not impaired. The age analysis of these Trade Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<i>All Trade Receivables:</i>				
Gross Balances	230 784	216 264	6 831 983	7 279 032
Less: Provision for Impairment	165 010	164 849	6 337 935	6 667 794
Net Balances	65 774	51 415	494 048	611 238

4.2 Reconciliation of the Provision for Impairment

Balance at beginning of year	6 833 553	3 626 829
Impairment Losses recognised	2 313 036	3 206 723
Balance at end of year	9 146 588	6 833 553

In determining the recoverability of receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Trade Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

Provision for impairment of Trade Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type.

4.3 Ageing of impaired Trade Receivables from Exchange Transactions

<i>Current:</i>		
0 - 30 Days	166 769	165 759
<i>Past Due:</i>		
31 - 60 Days	165 580	165 010
61 - 90 Days	165 179	164 849
+ 90 Days	8 649 060	6 337 935
Total	9 146 588	6 833 553

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2 011 R	
5 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Assessment Rates Debtors	26 359 954	25 861 633	498 321
Hall Securities	39 020	39 020	-
Sundry Deposits	2 769		2 769
Sundry Debtors	41 158	41 158	-
Interest/Penalty Charges	406 018	385 725	20 293
Total Trade Receivables from Non-exchange Transactions	26 848 918	26 327 536	521 382
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Assessment Rates Debtors	23 491 837	20 532 224	2 959 613
Payments made in Advance	47 636		47 636
Government Subsidy Claims	13 144 913		13 144 913
Sundry Debtors	41 158	-	41 158
Total Trade Receivables from Non-exchange Transactions	36 725 544	20 532 224	16 193 321

The municipality does not hold deposits or other security for its Other Trade Receivables.

None of the Other Trade Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Other Trade Receivables approximate their fair values.

The fair value of Other Trade Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

5.1 Ageing of Trade Receivables from Non-exchange Transactions

As at 30 June 2012

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances	680 466	457 082	450 789	24 771 617	26 359 954
Less: Provision for Impairment	421 476	414 109	411 372	24 614 676	25 861 633
Net Balances	258 990	42 973	39 417	156 941	498 321
Payments made in Advance:					
Gross Balances				39 020	39 020
Less: Provision for Impairment				39 020	39 020
Net Balances	-	-	-	-	-
Sundry Deposits:					
Gross Balances				2 769	2 769
Net Balances	-	-	-	2 769	2 769
Sundry Debtors:					
Gross Balances				41 158	41 158
Less: Provision for Impairment				41 158	41 158
Net Balances	-	-	-	-	-
Interest Charges on Outstanding Debtors					
Gross Balances	60 636	56 176	51 289	237 917	406 018
Less: Provision for Impairment	58 428	53 963	49 306	224 028	385 725
Net Balances	2 208	2 213	1 983	13 889	20 293

As at 30 June Other Trade Receivables of R260185 were past due but not impaired. The age analysis of these Other Trade Receivables are as follows:

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R			2 011 R
	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Other Trade Receivables:				
Gross Balances	513 258	502 078	25 092 480	26 107 816
Less: Provision for Impairment	468 072	460 678	24 918 882	25 847 632
Net Balances	45 186	41 400	173 598	260 185

As at 30 June 2011

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances	2 012 402	446 783	442 762	20 589 890	23 491 837
Less: Provision for Impairment	403 979	395 609	394 976	19 337 659	20 532 224
Net Balances	1 608 423	51 174	47 786	1 252 230	2 959 613
Payments made in Advance:					
Gross Balances				47 636	47 636
Net Balances	-	-	-	47 636	47 636
Government Subsidy Claims:					
Gross Balances	13 144 913				13 144 913
Net Balances	13 144 913	-	-	-	13 144 913
Sundry Debtors:					
Gross Balances				41 158	41 158
Net Balances	-	-	-	41 158	41 158

As at 30 June Other Trade Receivables of R 1439984 were past due but not impaired. The age analysis of these Trade Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Other Trade Receivables:				
Gross Balances	446 783	442 762	20 678 683	21 568 229
Less: Provision for Impairment	395 609	394 976	19 337 659	20 128 245
Net Balances	51 174	47 786	1 341 024	1 439 984

5.2 Reconciliation of Provision for Impairment

Balance at beginning of year	20 532 224	14 023 478
Impairment Losses recognised	5 795 312	6 508 745
Balance at end of year	26 327 536	20 532 224

The Provision for Impairment on Other Trade Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Other Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

6 VAT RECEIVABLE

Vat Receivable	769 944	7 365 723
----------------	----------------	------------------

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2 011 R
7 BANK, CASH AND CASH EQUIVALENTS		
Bank, Cash and Cash Equivalents	34 559 735	29 624 537
Total Bank, Cash and Cash Equivalents	34 559 735	29 624 537

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

7.1 Current Investment Deposits

Call Deposits	29 365 014	26 356 205
Total Current Investment Deposits	29 365 014	26 356 205

The following call deposit accounts for ring fenced purposes as indicated

		29 365 014	26 356 205
Planning and Survey	First National	404 297	560 739
Service Delivery Reserve	First National	449 010	431 817
Operational Investment	First National	12 774 070	10 671 702
Municipal Support Program (MSP)	First National	1 992 290	1 916 473
Drought Relief	First National	403 465	388 016
Municipal Infrastructure Grant (MIG)	First National	669 912	472 077
Guarantee Investment	First National	237 703	232 289
Capital Replacement Reserve	First National	5 436 864	5 228 681
Testing Centre	First National	3 339 703	3 211 823
Dedea Projects	First National	1 014 575	2 909 383
Financial Management Grant (FMG)	First National	1 526 903	45 101
Municipal System Improvement Grant	First National	848 953	31 067
Operational Investment	First National	267 269	257 035

7.2 Bank Accounts

Cash in Bank	5 193 844	3 268 333
Total Bank Accounts	5 193 844	3 268 333

The Municipality has the following bank accounts:

Primary Bank Account

First National Bank - Main Street, Mount Frere - Account Number 62022183727

Cash book balance at beginning of year	3 268 333	2 398 779
Cash book balance at end of year	5 193 844	3 268 333

Bank statement balance at beginning of year	3 268 333	2 253 455
Bank statement balance at end of year	5 168 903	3 268 333

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

7.3 Cash and Cash Equivalents

Other Cash Equivalents	877	-
Total Cash on hand in Cash Floats, Advances and Equivalents	877	-

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2 011 R
8 OPERATING LEASE ASSETS / RECEIVABLES		
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:		
Balance at beginning of year	236 703	295 613
Operating Lease Revenue recorded	9 407	13 796
Operating Lease Revenue effected	(162 501)	(72 707)
Total Operating Lease Assets	83 610	236 703

8.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of between 2 to 10 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

8.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	221 819	925 175
2 to 5 years	205 203	379 421
More than 5 years	59 599	107 200
Total Operating Lease Arrangements	486 621	1 411 796

The following restrictions (if any) have been imposed by the municipality in terms of the (specify) lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2012

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Leased	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2011	53 396 548	85 724 836	53 278 552	17 719	6 526 632	1 508 521	200 452 808
Cost	55 745 129	222 202 231	74 186 891	17 719	10 514 452	1 681 279	364 347 702
- Completed Assets	51 539 537	191 309 896	74 186 891	17 719	10 514 452	1 681 279	329 249 775
- Under Construction	4 205 592	30 892 336	-	-	-	-	35 097 927
Accumulated Depreciation:	(2 348 581)	(136 477 395)	(20 908 340)	-	(3 987 820)	(172 758)	(163 894 894)
- Cost	(2 348 581)	(136 477 395)	(20 908 340)	-	(3 987 820)	(172 758)	(163 894 894)
- Revaluation	-	-	-	-	-	-	-
Acquisitions	(0)	13 701 523	246 785	-	2 824 194	-	16 772 502
Capital under Construction - Additions:	666 615	23 177 182	1 865 323	-	-	-	25 709 119
- Cost	666 615	23 177 182	1 865 323	-	-	-	25 709 119
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	(1 193 582)	(22 025 402)	(2 986 609)	-	(2 365 122)	(336 992)	(28 907 708)
- Based on Cost	(1 193 582)	(22 025 402)	(2 986 609)	-	(2 365 122)	(336 992)	(28 907 708)
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	(75 240)	-	(75 240)
- Cost	-	-	-	-	(146 912)	-	(146 912)
- Accumulated Depreciation	-	-	-	-	71 672	-	71 672
- Based on Cost	-	-	-	-	71 672	-	71 672
Impairment Losses	-	(94 976)	-	-	-	-	(94 976)
Capital under Construction - Completed	-	(19 276 779)	-	-	-	-	(19 276 779)
Carrying values at 30 June 2012	52 869 581	100 483 162	52 404 050	17 719	6 910 464	1 171 528	213 856 505
Cost	56 411 744	259 080 936	76 288 999	17 719	13 191 734	1 681 279	406 682 411
- Completed Assets	51 539 537	224 288 197	74 433 676	17 719	13 191 734	1 681 279	365 152 143
- Under Construction	4 872 207	34 792 739	1 865 323	-	-	-	41 530 268
Accumulated Impairment Losses	-	(94 976)	-	-	-	-	(94 976)
Accumulated Depreciation:	(3 542 163)	(158 502 798)	(23 894 949)	-	(6 281 269)	(509 751)	(192 730 930)
- Cost	(3 542 163)	(158 502 798)	(23 894 949)	-	(6 281 269)	(509 751)	(192 730 930)

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2011

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Leased	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2010	50 444 278	42 971 916	55 482 331	17 719	8 205 243	-	157 121 486
Cost	39 430 774	163 241 633	73 417 850	17 719	10 519 303	-	286 627 280
- Completed Assets	39 430 774	163 241 633	73 101 309	17 719	10 519 303	-	286 310 738
- Under Construction	-	-	316 541	-	-	-	316 541
Correction of error (Note 39)	12 171 763	(231 351)	-	-	-	-	11 940 412
Accumulated Depreciation:	(1 158 260)	(120 038 367)	(17 935 519)	-	(2 314 060)	-	(141 446 205)
- Cost	(1 158 260)	(120 038 367)	(17 935 519)	-	(2 314 060)	-	(141 446 205)
Acquisitions	-	28 299 613	769 041	-	1 264 447	1 833 729	32 166 830
Capital under Construction - Additions:	4 205 592	30 892 336	-	-	-	-	35 097 927
- Cost	4 205 592	30 892 336	-	-	-	-	35 097 927
Additions	4 205 592	30 892 336	-	-	-	-	35 097 927
Depreciation:	(1 190 321)	(16 439 028)	(2 972 820)	-	(2 355 394)	(185 449)	(23 143 012)
- Based on Cost	(1 190 321)	(16 439 028)	(2 972 820)	-	(2 355 394)	(185 449)	(23 143 012)
Carrying value of Disposals:	(63 000)	-	-	-	(587 664)	(139 760)	(790 424)
- Cost	(63 000)	-	-	-	(1 269 298)	(152 450)	(1 484 748)
- Accumulated Depreciation	-	-	-	-	681 633	12 690	694 324
- Based on Cost	-	-	-	-	681 633	12 690	694 324
Capital under Construction - Completed	-	-	(316 541)	-	-	-	(316 541)
Carrying values at 30 June 2011	53 396 548	85 724 836	53 278 552	17 719	6 526 632	1 508 521	200 452 808
Cost	55 745 129	222 202 231	74 186 891	17 719	10 514 452	1 681 279	364 347 702
- Completed Assets	51 539 537	191 309 896	74 186 891	17 719	10 514 452	1 681 279	329 249 775
- Under Construction	4 205 592	30 892 336	-	-	-	-	35 097 927
Accumulated Depreciation:	(2 348 581)	(136 477 395)	(20 908 340)	-	(3 987 820)	(172 758)	(163 894 894)
- Cost	(2 348 581)	(136 477 395)	(20 908 340)	-	(3 987 820)	(172 758)	(163 894 894)

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

UMZIMVUBU LOCAL MUNICIPALITY

2012
R

2 011
R

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

9.1 Assets pledged as security

The municipality did not pledge any of its assets as security.

9.2 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There was no change in the estimated useful life of various assets of the municipality for the reporting period.

9.3 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

10 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

895 144

298 057

The movement in Intangible Assets is reconciled as follows:

	Website Development	Computer Software	Total
Carrying values at 01 July 2011	86 400	211 657	298 057
Cost	86 400	521 782	608 182
Accumulated Amortisation	-	(310 126)	(310 126)
Accumulated Impairment	-	-	-
Acquisitions:	-	870 196	870 196
Purchased	-	870 196	870 196
Internally Developed	-	-	-
Work-in-Progress at Year-end	-	-	-
Amortisation:	-	(273 108)	(273 108)
Purchased	-	(273 108)	(273 108)
Internally Developed	-	-	-
Carrying values at 30 June 2012	86 400	808 744	895 144
Cost	86 400	1 391 978	1 478 378
Accumulated Revaluation	-	-	-
Accumulated Amortisation	-	(583 234)	(583 234)
Accumulated Impairment Losses	-	-	-
	Website Development	Computer Software	Total
Carrying values at 01 July 2010	-	218 071	218 071
Cost	-	377 060	377 060
Accumulated Amortisation	-	(158 989)	(158 989)
Accumulated Impairment	-	-	-
Acquisitions:	-	144 722	144 722
Purchased	-	144 722	144 722
Internally Developed	-	-	-
Work-in-Progress at Year-end	86 400	-	86 400
Amortisation:	-	(151 136)	(151 136)
Purchased	-	(151 136)	(151 136)
Internally Developed	-	-	-
Carrying values at 30 June 2011	86 400	211 657	298 057
Cost	86 400	521 782	608 182
Accumulated Amortisation	-	(310 126)	(310 126)
Accumulated Impairment Losses	-	-	-

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

Computer Software are issued under license and are restricted to the conditions under which each license are issued.

Refer to Appendix "B" for more detail on Intangible Assets.

UMZIMVUBU LOCAL MUNICIPALITY

2012
R

2 011
R

10.1 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

11 INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	<u>14 286 000</u>	<u>14 286 000</u>
---------------------------------------	-------------------	-------------------

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July	14 286 000	14 286 000
Cost	<u>14 286 000</u>	<u>14 286 000</u>

Carrying values at 30 June	14 286 000	14 286 000
Cost	<u>14 286 000</u>	<u>14 286 000</u>

Estimated Fair Value of Investment Property at 30 June	<u>14 286 000</u>	<u>14 286 000</u>
--	-------------------	-------------------

The investment property consists out of land only and therefore there is no depreciation.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

11.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

12 CREDITORS

Trade Creditors	7 404 059	11 043 426
Payments received in Advance	973 484	481 528
Retentions	348 968	114 725
Long Services Awards (Short term)	134 107	110 794
Sundry Deposits	40 535	34 087
Rental Deposits	22 703	22 703
Other Creditors	10 966	235
Accrued leave	2 055 302	1 916 021
Value Added Tax (Output)	55 491	289 917
Total Creditors	<u>11 045 615</u>	<u>14 013 436</u>

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

10 783 755	13 994 732
------------	------------

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

<u>261 860</u>	<u>18 703</u>
----------------	---------------

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
13.1 Conditional Grants from Government	1 737 435	2 016 582
National Government Grants	1 216 706	8 608
Provincial Government Grants	520 729	2 007 974
Total Conditional Grants and Receipts	1 737 435	2 016 582

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 19 for the reconciliation of Grants from Government. The Unspent Grants are cashbacked by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

14 OPERATING LEASE LIABILITIES / PAYABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of the contracts has any escalation clauses.

14.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Equipment with lease terms not longer than 5 years, with no option to extend for a further period. Non of the operating lease contracts contain escalation clauses. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

14.2 Amounts payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Photocopiers which fall due as follows:

Other Equipment:	433 322	1 052 308
Up to 1 year	264 915	513 945
2 to 5 years	168 407	538 363
More than 5 years	-	-
Total Operating Lease Arrangements	433 322	1 052 308

The municipality has operating lease agreements for the following classes of equipment, which are only significant collectively:

- Office Equipment

15 LONG-TERM LIABILITIES

Finance Lease Liabilities	1 255 479	1 546 892
Sub-total	1 255 479	1 546 892
Less: Current Portion transferred to Current Liabilities:-	318 749	291 413
Finance Lease Liabilities	318 749	291 413
Total Long-term Liabilities (Neither past due, nor impaired)	936 730	1 255 479

15.1 Summary of Arrangements

Finance Lease Liabilities relates to Vehicles with lease terms starting during the 2010/11 financial year for a period of 5 years. The effective interest rate is prime rate which was 9% since the inception of the agreements. Capitalised Lease Liabilities are secured over the items of vehicles leased.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

UMZIMVUBU LOCAL MUNICIPALITY

2012
R

2 011
R

15.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years. The effective interest rate on Finance Leases is linked to the prime bank rate which was 9% since inception of the agreements.

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2012 R	2011 R	2012 R	2011 R
Amounts payable under finance leases:				
Within one year	418 807	418 807	318 749	291 413
In the second to fifth years, inclusive	1 049 871	1 468 678	936 730	1 255 479
Over five years	-	-	-	-
	1 468 678	1 887 485	1 255 479	1 546 892
Less: Future Finance Obligations	213 199	340 593		
Present Value of Minimum Lease Obligations	1 255 479	1 546 892	1 255 479	1 546 892
Less: Amounts due for settlement within 12 months (Current Portion)			(318 749)	(291 413)
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			936 730	1 255 479

The municipality has finance lease agreements for the following significant classes of assets:

- Vehicles

Included in these classes are the following significant leases:

(i) Vehicles	9	9
- Installments are payable monthly in arrears		
- Average period outstanding	60 months	60 months
- Average effective interest rate, based on prime	9.00%	9.00%
- Average monthly installment	R 41 880.70	R 41 880.70

15.3 Breach of Loan Agreement

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

16 NON-CURRENT PROVISIONS

Provision for Long Service Awards	137 216	584 098	446 882
Provision for Rehabilitation of Land-fill Sites	483 365	5 542 501	5 059 136
Total Non-current Provisions		6 126 599	5 506 018

The movement in Non-current Provisions are reconciled as follows:

	Long-service Awards R	Land-fill Sites R
30 June 2012		
Balance at beginning of year	557 676	5 059 136
Contributions to provision	181 134	483 365
Expenditure incurred	(70 340)	-
Reduction due to re-measurement	49 735	-
	718 205	5 542 501
Transfer to current provisions	(134 107)	-
Balance at end of year	584 098	5 542 501

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2011 R
	Long-service Awards R	Land-fill Sites R
30 June 2011		
Balance at beginning of year	403 770	4 617 926
Contributions to provision	175 024	-
Increase due to discounting	-	441 210
Reduction due to re-measurement	(21 118)	-
	<u>557 676</u>	<u>5 059 136</u>
Transfer to current provisions	(110 794)	-
Balance at end of year	<u>446 882</u>	<u>5 059 136</u>

In terms of the licencing of the landfill refuse sites, the municipality will incur rehabilitation costs of R 5.54 million to restore the sites at the end of its useful lives, estimated to be between 16 and 19 years. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.

16.1 Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality may become entitled to in future, based on an actuarial valuation performed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 119 employees were eligible for Long-services Awards.

The Current-service Cost for the year ending 30 June 2012 is estimated to be R141506, whereas the cost for the ensuing year is estimated to be R171 866 (2011: R133628).

	2012 R	2011 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	6.42%	9.08%
Cost Inflation Rate	6.24%	5.41%
Net Effective Discount Rate	0.17%	2.51%
Expected Return on Plan Assets	6.24%	6.41%
Expected Rate of Salary Increase	6.24%	6.41%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	58	58
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	557 676	506 297
Current service costs	141 506	133 628
Interest cost	39 628	41 396
Benefits paid	(70 340)	(102 527)
Actuarial losses / (gains)		(21 118)
Present Value of Fund Obligation at the end of the Year	<u>668 470</u>	<u>557 676</u>
Actuarial losses / (gains) unrecognised	49 735	-
Total Recognised Benefit Liability	<u>718 205</u>	<u>557 676</u>
Total Benefit Liability	<u>718 205</u>	<u>557 676</u>
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	141 506	133 628
Interest cost	39 628	41 396
Expense included in Employee Related and Finance Cost	<u>181 134</u>	<u>175 024</u>

The history of experienced adjustments is as follows:

	2012 R	2011 R	2010 R	2009 R	2008 R
Present Value of Defined Benefit Obligation	718 205	557 676	506 297	374 571	-
Deficit	<u>718 205</u>	<u>557 676</u>	<u>506 297</u>	<u>374 571</u>	<u>-</u>

UMZIMVUBU LOCAL MUNICIPALITY

2012
R

2 011
R

16.2 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur rehabilitation costs of R 5 542 501 million to restore the sites at the end of its useful lives, estimated to be between 16 and 19 years. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.

17 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	5 014 475	5 014 475
Capital Contributions from Government	229 112 890	215 036 864
Accumulated Surplus / (Deficit) due to the results of Operations	11 311 054	26 305 505
Total Accumulated Surplus	245 438 419	246 356 844

Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 34 on 'Correction of Errors' for details of the restatements.

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Capital Contributions from Government** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Contributions ensures consumer equity and is not backed by cash.

18 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2012 R000's	July 2011 R000's		
Residential	284 190 000	260 980 500	3 605 355	3 466 978
Commercial	271 431 000	245 779 500	3 819 779	2 704 546
State	276 981 008	108 698 500	1 689 336	1 196 113
Total Property Rates	832 602 008	615 458 500	9 114 470	7 367 638

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2009.

Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

Residential Properties: 0,8427 c/R (2010/11: 1,1 c/R)

Business Properties: 1,6854 c/R (2010/11: 1,3 c/R)

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

19 GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	92 326 000	71 442 307
Other Subsidies	150 000	3 500 000
Operational Grants	92 476 000	74 942 307
Conditional Grants	22 550 234	60 177 838
National: Equitable Share	-	-
National: FMG	1 456 518	1 016 304
National: MIG	18 005 133	35 403 053
National: MSIG	665 072	1 665 001
National: Public Works	436 266	-
National: Minerals and Energy	-	20 000 000
Provincial: DEAT	1 987 245	2 093 481
Total Government Grants and Subsidies	115 026 234	135 120 145
Attributable to:		
Continuing Operations	115 026 234	135 120 145
	115 026 234	135 120 145

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
Operational Grants:		
19.1 National: Equitable Share	92 326 000	71 442 307
In terms of the Constitution, part of this grant is used to subsidise the provision of basic services to indigent community members on application. Households where the total gross monthly income of all occupants over 18 years of age does not exceed the earning of a combined gross income equivalent to or less than two times the Government pension grant as prescribed by the National Department of Social Development, qualify for a subsidy of the essential services package		
19.2 National: Municipal Election Support	-	3 500 000
The Municipality received an amount of R3 500 000 from the Department of Local Government, Housing and Traditional Affairs for the funding of operations and preparations necessary with the Municipal Election held in May 2011		
19.3 National: Community Based Planning	150 000	-
The Municipality received an amount of R150 000 from the Department of Cooperative Government and Traditional Affairs for assistance in the data collection of community needs to be used as basis for future planning.		
Conditional Grants:		
19.4 National: FMG Grant		
Balance unspent at beginning of year	6 518	(177 178)
Current year receipts	1 450 000	1 200 000
Conditions met - transferred to Revenue	(1 456 518)	(1 016 304)
Conditions still to be met - transferred to Liabilities (see Note 13)	0	6 518
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.		
19.5 National: MIG Funds		
Balance unspent at beginning of year	(13 144 913)	5 319 140
Current year receipts	31 157 000	16 939 000
Conditions met - transferred to Revenue	(18 005 133)	(35 403 053)
Conditions still to be met - transferred to Liabilities (see Note 13)	6 954	(13 144 913)
The Municipal Infrastructure Grant (MIG) was allocated for mainly the construction of roads. No funds have been withheld.		
The MIG Grant was overspend at 30 June 2011 due to National Treasury changed the time of payment from the National Government Financial Year to the Municipal Financial Year. I.e. from March 2011 to June 2011. The R13 144 913 was shown as a debtor "Government Grants and Subsidies"		
19.6 National: MSIG Funds		
Balance unspent at beginning of year	2 090	667 091
Current year receipts	790 000	1 000 000
Conditions met - transferred to Revenue	(665 072)	(1 665 001)
Conditions still to be met - transferred to Liabilities (see Note 13)	127 018	2 090
The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.		
19.7 National: Department Public Works		
Balance unspent at beginning of year	-	-
Current year receipts	1 519 000	-
Conditions met - transferred to Revenue	(436 266)	-
Conditions still to be met - transferred to Liabilities (see Note 13)	1 082 734	-
This grant was used for the operation and maintenance of sewerage and water schemes transferred from DWAF to the municipality, the refurbishment of water infrastructure and the payment of salaries of staff transferred from DWAF. No funds have been withheld.		

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2011 R
19.8 National: Department Minerals and Energy (DME)		
Balance unspent at beginning of year	-	-
Current year receipts	-	20 000 000
Conditions met - transferred to Revenue	-	(20 000 000)
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

The grant was received from the Department of Mineral and Energy to be paid to Eskom for the upgrading of electrical installations within the greater municipal area. Eskom is the Electricity Service Provider in the area.

19.9 Provincial: Department Economic Affairs and Trade (DEAT)		
Balance unspent at beginning of year	2 007 974	4 101 454
Current year receipts	500 000	-
Conditions met - transferred to Revenue	(1 987 245)	(2 093 481)
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>520 729</u>	<u>2 007 974</u>

This grant was received to assist in local economic development and the promotion of tourism. No funds have been withheld.

20 PUBLIC CONTRIBUTIONS AND DONATIONS

Conditional Contributions:	-	-
Unconditional Contributions	10 000	-
Other Donations	2 200	-
Total Public Contributions and Donations	<u>12 200</u>	<u>-</u>

21 SERVICE CHARGES

Refuse Removal	2 006 595	1 781 184
Total Service Charges	<u>2 006 595</u>	<u>1 781 184</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

22 RENTAL OF FACILITIES AND EQUIPMENT

Operating Lease Rental Revenue:		
- Other Rental Revenue	-	831 052
Rental Revenue from Amenities	13 242	-
Rental Revenue from Buildings	716 446	(0)
Rental Revenue from Halls	73 929	132 834
Rental Revenue from Land	-	1 316
Total Rental of Facilities and Equipment	<u>803 617</u>	<u>965 203</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

23 INTEREST EARNED

External Investments:		
Bank Account	82 962	-
Investments	2 045 011	3 362 168
	<u>2 127 973</u>	<u>3 362 168</u>
Outstanding Debtors:		
Outstanding Billing Debtors	427 813	984 073
	<u>427 813</u>	<u>984 073</u>
Total Interest Earned	<u>2 555 785</u>	<u>4 346 241</u>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	2 127 973	3 362 168
Loans and Receivables	427 813	984 073
	<u>2 555 785</u>	<u>4 346 241</u>

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2011 R
24 OTHER REVENUE		
Awards	500 000	-
Pound Fees	455 842	331 755
Electricity (Office Rental)	293 842	-
Clearance Certificate	53	-
Advertising	150 785	60 695
Building Plan Fees	140 346	72 717
Funeral Plot Fees	10 385	8 029
Parking Meters	-	2 162
LG Seta	269 217	51 669
Sales Wood	682	146
Tender Fees	244 614	249 817
Tourism	439	-
Other Income	-	291 887
Insurance Claims	-	13 866
Rezoning Certificate	833	-
Flea Market	193	-
Cleaning: Builder Ruble	18	-
Instructors Certificate	345	-
Towing Fees	15 351	-
SG Diagrams	790	-
Total Other Revenue	2 083 734	1 082 744

Other Revenue have been restated to correctly classify revenue to be included in the category of Other Revenue. Refer to Note 39.1 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 18 to 23, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

25 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	22 738 103	22 677 541
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	5 704 162	3 819 799
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 669 717	3 974 509
Housing Benefits and Allowances	1 489 611	1 206 112
Performance Bonuses	317 429	-
Total Employee Related Costs	33 919 023	31 677 961

No advances were made to employees.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

Annual Remuneration	771 629	617 939
Performance Bonus	66 547	-
Car and Other Allowances	311 929	231 716
Company Contributions to UIF, Medical and Pension Funds	11 403	10 084
Total	1 161 508	859 739

Remuneration of the Chief Financial Officer

Annual Remuneration	560 000	465 775
Performance Bonus	28 663	-
Car and Other Allowances	257 360	196 714
Company Contributions to UIF, Medical and Pension Funds	-	8 440
Total	846 023	670 929

Remuneration of the Manager: Community Services

Annual Remuneration	506 708	465 772
Car and Other Allowances	272 294	246 172
Company Contributions to UIF, Medical and Pension Funds	-	8 174
Total	779 003	720 118

Remuneration of the Manager: Corporate Services

Annual Remuneration	533 313	465 773
Performance Bonus	35 829	50 034
Car and Other Allowances	246 352	220 586
Company Contributions to UIF, Medical and Pension Funds	-	8 924
Total	815 494	745 316

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
Remuneration of the Manager: Local Economic Development		
Annual Remuneration	85 653	465 772
Performance Bonus		-
Car and Other Allowances	15 879	253 486
Company Contributions to UIF, Medical and Pension Funds		8 392
Total	101 533	727 649
Remuneration of the Manager: Infrastructure and Planning		
Annual Remuneration	508 206	465 772
Performance Bonus	14 331	30 300
Car and Other Allowances	294 563	246 172
Company Contributions to UIF, Medical and Pension Funds		8 627
Total	817 100	750 871
Remuneration of the Manager: Chief Operations Officer		
Annual Remuneration	562 496	465 775
Performance Bonus	7 166	-
Car and Other Allowances	214 314	205 273
Company Contributions to UIF, Medical and Pension Funds		8 046
Total	783 976	679 095

No compensation was payable to key management personnel in terms of IAS 19 as at 30 June.

26 REMUNERATION OF COUNCILLORS

Mayor	611 895	564 011
Speaker	346 445	443 056
Executive Committee Members	3 300 956	2 599 432
Councillors	8 421 588	7 509 467
Other Allowances (Cellular Phones, Housing, Transport, etc)	432 568	273 127
Total Councillors' Remuneration	13 113 451	11 389 093

For details per Councillor see Annexure G

In-kind Benefits

Councillors may utilise official Council transportation when engaged in official duties.

The Mayor had the use of a residence of which Council paid the monthly rental.

The Mayor had an official office and car.

27 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	28 907 708	23 142 979
Amortisation: Intangible Assets	273 108	151 136
Total Depreciation and Amortisation	29 180 816	23 294 115

28 IMPAIRMENT LOSSES

28.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:	94 976	139 760
Property, Plant and Equipment	94 976	139 760
	94 976	139 760

28.2 Impairment Losses on Financial Assets

Impairment Losses Recognised:	7 662 834	9 076 234
Consumer Debtors	2 313 036	3 206 723
Other Debtors	5 795 312	6 508 745
Minus impairment of VAT Debtors (Not an expense to entity)	(445 514)	(639 235)
	7 662 834	9 076 234
Total Impairment Losses	7 757 810	9 215 993

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
29 FINANCE COSTS		
The municipality did not incur any Finance Cost.		
Bank Overdraft	-	-
Creditors Overdue	13 845	559 952
Finance Leases	127 394	77 727
Provisions - Landfill /LS Awards	522 993	407 246
Total Interest Paid on External Borrowings	664 232	1 044 926
30 CONTRACTED SERVICES		
Internal Audit	667 186	160 256
Total Contracted Services	667 186	160 256
<i>Contracted Services</i> have been restated to correctly classify expenditure previously included in General Expenditure.		
Refer to Note 34 on Correction of Error for details of the restatement.		
31 GRANTS AND SUBSIDIES PAID		
Indigent Support	479 384	622 913
Free Basic Services	931 962	1 551 073
Fencing	1 961 500	-
Pauper Burials	-	841
	34 800	-
Total Grants and Subsidies	3 407 646	2 174 827
<i>Furthermore, Grants and Subsidies Paid</i> have been restated to correctly classify expenditure incurred for Grants and Subsidies Paid, previously included in General Expenses.		
Refer to Note 34 on Correction of Error for details of the restatement.		
Free Basic Services and Indigent Support are in respect of providing basic service levels to indigent households.		
<i>Pauper Burials</i> is paid to assist indigent community members in paying for burial services.		
32 GENERAL EXPENSES		
Included in General Expenses are the following:		
Cleaning Services	860 003	744 667
Extention 3 Mount Ayliff	123 395	-
Performance Management System	-	19 775
Subsistence and Travelling	108 634	2 973 885
Subsistence and Travelling	3 638 497	-
Uniforms & Protective Clothing	255 337	667 141
Audit Fees	3 281 834	2 411 513
Advertising Fees	573 350	448 677
Ammunition	280	155 767
Bank Charges	242 501	169 871
Books & Publications	51 403	70 137
Branding & Marketing	438 227	402 533
Bursaries (Scarce Skills)	194 838	162 202
Bursaries (Internal)	234 230	-
Career Exhibition	172 724	-
Catering	5 831	537 293
Catering	573 575	-
Communication Strategy	78 717	-
Community Radio Support	-	234 811
Conference Fees	71 183	203 858
Employment Equity Programmes	49 850	-
Employee Relations Programmes	43 713	-
Consultant & Professional Fees	2 086 253	3 228 926
Consumeables & Beverages	-	38 611
Consumables & Beverages	38 798	-
Customer Care	57 306	2 933
Disaster Management Plan	92 413	185 360
EAP	-	27 400
Electricity and Water Purchases	697 730	361 558
Entertainment	85 676	1 018 844

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
Events & Programs	1 148 703	288 073
Outreach Program	251 803	-
Food for Waste	736 267	-
Gazetting Bylaws Project	-	29 675
Health and Safety	-	23 724
ICT Licensing	-	51 338
HIV/AIDS	38 526	174 056
Intergovernmental Relations (IGR)	131 880	13 651
Induction Program	5 820	-
Insurance: External	712 547	769 548
Internal Audit Committee	839 512	951 175
Legal Fees	749 281	633 366
Material & Stores	32 444	19 138
Membership fees	48 422	308 506
Payday Licencing and Support	-	28 901
Policy Roll out Programme	-	24 128
Office Rental	-	114 948
ICT Licensing (Bulk)	318 132	(117 294)
Postage	3 730	1 424
Pound Fees	-	36 305
Printing & Stationery	1 001 094	913 217
Promotional Material	191 575	654 291
Induction Programme	-	1 439
Speed Enforcement	-	60 149
Integrated Development Plan (IDP)	-	186 954
Agrarian Reform	1 103 368	306 831
Recruitment Activities	89 188	225 160
Environmental Management	262 565	412 105
Investment Promotion	164 773	181 974
SMME Development	110 728	642 857
SMME External	91 836	-
Forestry Development	195 360	242 498
Public Safety	397 631	101 630
Human Resources	-	14 561
Ratepayers Incentive	-	900
Refuse Bags & Bins	496 000	727 155
Security Costs	2 761 141	1 848 566
Small Towns Revitalisation	223 086	-
SPU Programs	539 238	473 652
Strategic Planning	608 492	167 932
Strategic Support and Ind	817 041	-
Sundry Expenses	190	1 422
Survey and Planning	294 043	(6 508)
System Rental	-	11 075
Telephone	2 417 660	2 541 131
Training External	1 119 492	844 061
Fuel & Oil	1 276 442	852 104
Fleet Rental Services	-	729 747
Fleet Rental Services	467 950	-
Ward Committees	1 344 123	341 762
Equipment Rental	308 554	305 380
Medicine for Pound	-	12 859
Drivers Licence Cards	-	71 295
Translation of Policies	-	69 193
Year End Function	147 986	131 448
Financial Systems	17 666	552 392
Tourism	198 217	565 494
Community raido support	79 668	-
Annual Report	168 000	240 927
ICT Infrastructure	192 341	414 924
ICT Support	113 163	-
Community Facilities	-	325 096
Sports, Arts and Culture	274 459	-
Waste Management	0	1 064 577
Bandibanise : Formalization	200 768	-
Urban Renewal	267 972	-
IDP Out Reach	183 785	-
Strategic Planning	89 859	-
Batho Pele Programmes	177 303	-
Building Control Awareness	248 000	-
Impact Assessment	25 100	-
Pound Fees	27 292	-
Performance Management System	54 488	-

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
Training External	2 875	-
Tourism	2 075	-
Public Safety	12 630	-
Ratepayers Incentive	140 000	-
Total General Expenses	37 978 575	33 646 675

General Expenses have been restated to correctly classify expenditure incurred for Contracted Services and Grants and Subsidies Paid.

Refer to Note 34 on Correction of Error for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

No extra-ordinary expenses were incurred.

33 Government Grants (Conditional)

The following operating expenditure were financed by the grants as indicated:

Municipal Systems Improvement Grant (MSIG)	763 728	1 582 335
Financial Management Grant (FMG)	1 500 723	932 361
Municipal Infrastructure Grant (MIG/PMU)	-	19 186
Electrification (DME)	-	17 354 028
Department Education and Training (DEAT)	1 627 570	1 863 126
Extended Public Works Program (EPWP)	436 266	-
	4 328 286	21 751 036

The MSIG is used for capacity building of Councillors, Ward Committee seating allowance and Implementation of the MPRA.

The FMG is used for salaries of the financial interns, staff capacitation and the improvement of systems.

The MIG amount is operational cost re the Project Management Unit.

The DME grant was paid over to Eskom who is responsible for the electrification and connections in the area.

The DEAT grant is used for environmental impact assessments and project management.

EPWP grant is utilised for cleaning up operations in the municipal area.

34 CORRECTION OF ERROR

34.1 Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June 2010 and 30 June 2011

Appropriations are summarised as follows:

	2011	2010
Receivables from Exchange Transactions	-7 076 859	-
Receivables from Non-exchange Transactions	914 489	632 943
VAT Receivable	7 365 723	-
Operating Lease Assets	-15 565	36 753
Property, Plant and Equipment	-231 351	12 171 763
Payables	8 636	-
Non-current Provisions	-197 864	-827 185
Increase / (Decrease) in Accumulated Surplus Account	767 209	12 014 275

34.2 Reclassification of Revenue - 2009/10

	AFS	RESTATED	ADJUSTMENT
Property Rates	10 022 451	10 655 395	-632 943
Fines	144 257	144 257	-
Licences and Permits	3 320 173	3 320 173	-
Income from Agency Services	1 259 837	1 259 837	-
Government Grants and Subsidies Received	79 250 843	79 250 843	-
Service Charges	1 231 001	1 231 001	-
Rental of Facilities and Equipment	1 216 894	1 253 648	-36 753
Interest Earned - External Investments	4 388 311	4 388 311	-
Interest Earned - Outstanding Debtors	1 362 454	1 362 454	-
Other Income	1 409 515	1 409 515	-
	103 605 735	104 275 432	-669 697

Detail : None.

Property Rates

Rates raised on school properties previously not on valuation roll for the 2009/10 financial year.

632 943

632 943

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
<u>Rental of Facilities and Equipment</u>		
<i>The rental agreement with Primedia re advertising signs have not previously been treated as an Operating Lease. Hence no straight-lining of rental has been accounted for.</i>		36 753
		36 753
34.3 Reclassification of Revenue - 2010/11	AFS	RESTATED
Property Rates	6 453 386	7 367 638
Fines	464 511	464 511
Licences and Permits	6 502	2 237 181
Income from Agency Services	3 502 369	1 271 690
Government Grants and Subsidies Received	135 120 145	135 120 145
Service Charges	1 781 184	1 781 184
Rental of Facilities and Equipment	980 768	965 203
Interest Earned - External Investments	3 362 168	3 362 168
Interest Earned - Outstanding Debtors	984 073	984 073
Other Income	1 082 744	1 082 744
Profit on Sale of Land:-	344 123	344 123
	154 081 972	154 980 658
Detail :		
<u>Property Rates</u>		
<i>Rates raised on school properties previously not on valuation rol for the</i>		914 252
		914 252
<u>Licences and Permits</u>		
<i>Revenue from "Drivers Licenses" previously incorrectly with "Income from Agency Services"</i>		2 230 679
		2 230 679
<u>Income from Agency Services</u>		
<i>Revenue from "Drivers Licenses" previously incorrectly with "Income from Agency Services"</i>		-2 230 679
		-2 230 679
<u>Rental of Facilities and Equipment</u>		
<i>The rental agreement with Primedia re advertising signs have not previously been treated as an Operating Lease. Hence no straight-lining of rental has been accounted for.</i>		15 565
		15 565
34.4 Reclassification of Expenditure - 2009/10	AFS	RESTATED
Employee Related Costs	24 316 814	24 316 814
Remuneration of Councillors	9 315 600	9 315 600
Depreciation and Amortisation	19 173 767	19 173 767
Impairment Losses	7 707 016	7 707 016
Repairs and Maintenance	7 568 626	7 568 626
Finance Costs	1 087 742	1 914 927
Grants and Subsidies Paid	319 641	319 641
General Expenses	27 794 526	27 794 526
Government Grants (Conditional)	1 502 338	1 502 338
	98 786 070	99 613 255
Detail :		
<u>Finance Costs</u>		
<i>Interest on Provision for the rehabilitation of Landfill Sites recalculated per IGRAP 2</i>		827 185
		827 185
34.5 Reclassification of Expenditure - 2010/11	AFS	RESTATED
Employee Related Costs	31 699 079	31 677 961
Remuneration of Councillors	11 389 093	11 389 093
Depreciation and Amortisation	23 294 149	23 294 115
Impairment Losses	9 215 993	9 215 993
Repairs and Maintenance	5 234 029	5 218 481
Finance Costs	634 248	1 044 926
Contracted Services	-	160 256
Grants and Subsidies Paid	-	2 174 827
General Expenses	36 154 323	33 646 675
Government Grants (Conditional)	21 820 972	21 751 036
Loss on Disposal of Property, Plant and Equipment	382 561	382 561
	139 824 447	139 955 924

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2011 R
Detail :		
<u>Employee Related Costs</u>		
Long Services Award disclosure was based on estimates and excludes the Actuarial Losses from the final report. The short term portion in the final report were also less.		-21 118
		-21 118
<u>Depreciation and Amortisation</u>		
Depreciation on Landfill Sites written down reversed.		33
		33
<u>Repairs and Maintenance</u>		
Creditors raised manually was duplicated		-112 987
Creditor transactions not part of the final trial balance on which the annual financial statements were done.		97 439
		-15 548
<u>Finance Costs</u>		
Interest on Provision for the rehabilitation of Landfill Sites recalculated per IGRAP 2		407 246
Creditor transactions not part of the final trial balance on which the annual financial statements were done.		3 431
		410 677
<u>Contracted Services</u>		
Internal audit services moved from "General Expenses" to Contracted Services". Service rendered on contract by Price Waterhouse Cooper		160 256
		160 256
<u>Grants and Subsidies Paid</u>		
The following Items was previously incorrectly included with "General Expenses"		
- Indigent Support		622 913
- Free Basic Services		1 551 073
- Pauper Baurials		841
		2 174 827
<u>General Expenses</u>		
Creditors raised manually was duplicated		-641 976
The following Items was previously incorrectly included with "General Expenses"		
- Indigent Support		-622 913
- Free Basic Services		-1 551 073
- Pauper Baurials		-841
Internal audit services moved from "General Expenses" to Contracted Services". Service rendered on contract by Price Waterhouse Cooper		-160 256
Creditor transactions not part of the final trial balance on which the annual financial statements were done.		469 411
		-2 507 648
<u>Government Grants (Conditional)</u>		
Creditors raised manually was duplicated		-73 641
Creditor transactions not part of the final trial balance on which the annual financial statements were done.		3 705
		-69 936

34.6 Reclasification of Statement of Financial Position : 30 June 2010

	AFS	RESTATED	ADJUSTMENT
Inventory	338 465	338 465	-
Receivables from Exchange Transactions	3 533 505	3 533 505	-
Receivables from Non-exchange Transactions	4 147 168	4 780 112	-632 943
Bank, Cash and Cash Equivalents	80 699 141	80 699 141	-
Operating Lease Assets	258 860	295 613	-36 753
Property, Plant and Equipment	145 181 074	157 352 837	-12 171 763
Intangible Assets	218 071	218 071	-
Investment Property	14 286 000	14 286 000	-
Payables	15 239 431	15 239 431	-
Unspent Conditional Grants and Receipts	9 910 507	9 910 507	-
Non-current Provisions	4 194 511	5 021 696	-827 185
	219 317 835	231 332 110	-13 668 645

Details :

<u>Receivables from Non-exchange Transactions</u>	
Rates raised on school properties previously not on valuation roll for the 2009/10 financial year.	632 943
	632 943

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
<u>Operating Lease Assets</u>		
<i>The rental agreement with Primedia re advertising signs have not previously been treated as an Operating Lease. Hence no accounting for an operating lease asset.</i>		36 753
		36 753
<u>Property, Plant and Equipment</u>		
37 Erven was on the Asset Register at R1 per property. These were restated at its fair value.		12 171 763
		12 171 763
<u>Non-current Provisions</u>		
Provision for the rehabilitation of Landfill Sites recalculated per IGRAP 2		827 185
		827 185

34.7 Reclassification of Statement of Financial Position : 30 June 2011

	AFS	RESTATED	ADJUSTMENT
Inventory	354 278	354 278	-
Receivables from Exchange Transactions	7 705 205	628 346	7 076 859
Receivables from Non-exchange Transactions	14 645 891	15 560 380	-914 489
VAT Receivable	-	7 365 723	-7 365 723
Bank, Cash and Cash Equivalents	29 624 537	29 624 537	-
Operating Lease Assets	215 515	199 950	15 565
Property, Plant and Equipment	188 512 395	188 281 045	231 351
Intangible Assets	298 057	298 057	-
Investment Property	14 286 000	14 286 000	-
Payables	14 022 074	14 013 439	8 636
Unspent Conditional Grants and Receipts	2 016 582	2 016 582	-0
Current Portion of Long-term Liabilities	291 413	291 413	-
Long-term Liabilities	1 255 479	1 255 479	-
Non-current Provisions	4 480 969	4 678 833	-197 864
	233 575 360	234 342 569	-1 145 667

Details:

Receivables from Exchange Transactions

Creditors raised manually was duplicated

9 280

VAT balances was previously netted off and disclosed either as a "Receivable from Exchange Transactions" or a Creditor if the net result was a credit. The Accounting Standards Board has cleared this issue during the last 12 months and in future the VAT Raised on Debtors will form part of Debtors, the credit leg (Output VAT) will be disclosed under Creditors and the VAT Claim Submitted to SARS will be disclosed as "VAT Receivable" as a separate line item on the face of the Statement of Financial Position. The previous years disclosures were adjusted accordingly for the comparative figures to be relevant.

6 436 571

Write VAT Debtors down with the impairment calculated at 30 June 2011

639 235

Creditor transactions not part of the final trial balance on which the annual financial statements were done.

-8 228

7 076 859

Receivables from Non-exchange Transactions

Rates raised on school properties previously not on valuation rol for the 2010/11 financial year

914 252

A credit amount in debtors was transferred to creditors (Banking Suspence account vote 949 600640)

238

914 489

VAT Receivable

VAT balances was previously netted off and disclosed either as a "Receivable from Exchange Transactions" or a Creditor if the net result was a credit. The Accounting Standards Board has cleared this issue during the last 12 months and in future the VAT Raised on Debtors will form part of Debtors, the credit leg (Output VAT) will be disclosed under Creditors and the VAT Claim Submitted to SARS will be disclosed as "VAT Receivable" as a separate line item on the face of the Statement of Financial Position. The previous years disclosures were adjusted accordingly for the comparative figures to be relevant.

7 365 723

7 365 723

Operating Lease Assets

The rental agreement with Primedia re advertising signs have not previously been treated as an Operating Lease. Hence no straight-lining of rental has been accounted for.

15 565

15 565

Property, Plant and Equipment

Value of Landfill Sites based on rehabilitation recalculated per IGRAP 2

-231 384

Write back Accumulated depreciation on portion of Landfill site written back

33

-231 351

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
Payables		
Creditors raised manually was duplicated		-837 885
Long Services Award disclosure was based on estimates and excludes the Actuarial Losses from the final report. The short term portion in the final report were also less.		-43 120
VAT balances was previously netted off and disclosed either as a "Receivable from Exchange Transactions" or a Creditor if the net result was a credit. The Accounting Standards Board has cleared this issue during the last 12 months and in future the VAT Raised on Debtors will form part of Debtors, the credit leg (Output VAT) will be disclosed under Creditors and the VAT Claim Submitted to SARS will be disclosed as "VAT Receivable" as a separate line item on the face of the Statement of Financial Position. The previous years disclosures were adjusted accordingly for the comparative figures to be relevant.		929 152
Write VAT Debtors impairment off against Output VAT Raised at 30 June 2011		-639 235
		289 917
Creditor transactions not part of the final trial balance on which the annual financial statements were done.		582 215
A credit amount in debtors was transferred to creditors (Banking Suspence account vote 949 600640)		238
		-8 636
Non-current Provisions		
Provision for the rehabilitation of Landfill Sites recalculated per IGRAP 2		175 862
Asset value reduced	-231 384	
Interest 2010/11 reversed	-33 965	
Interest 2010/11 recalculated	441 210	
Provision for Long Services Awards		22 002
Actuarial losses excluded 30 June 2011	-21 118	
Short term portion understated at 30 June 2011	43 120	
		197 864

34.8 Reclassification of Cash Flow Statement:

CASH FLOWS FROM OPERATING ACTIVITIES

	AFS	RESTATED	ADJUSTMENT
Receipts	0	2 011 552	(2 011 552)
Property Rates	0	127 226 220	(127 226 220)
Grants	0	0	0
Public Contributions and Donations	0	100 729	(100 729)
Service Charges	0	0	0
Dividends Received	0	0	0
Royalties Received	0	4 346 241	(4 346 241)
Interest Received	0	(13 142 161)	13 142 161
Other Receipts	0	120 542 581	(120 542 581)
Payments	0	(31 275 106)	31 275 106
Employee Related Costs	0	(11 389 093)	11 389 093
Remuneration of Councillors	0	(1 044 926)	1 044 926
Interest Paid	0	(62 711 092)	62 711 092
Suppliers and other payments	0	(106 420 217)	106 420 217
NET CASH FLOWS FROM OPERATING ACTIVITIES	0	14 122 364	(14 122 364)

The Cash Flow Statement was restated from the indirect method to the direct method which excludes the above section.

Cash receipts from Ratepayers, Government and Other (Note 1 below)	117 993 829	116 196 340	1 797 489
Cash paid to Suppliers and Employees (Note 1 below)	-107 626 768	-105 375 290	-2 251 477
Interest received	4 346 241	4 346 241	0
Interest paid	-634 248	-1 044 926	410 678
Purchase of Property, Plant and Equipment	-67 264 757	-67 264 724	-34
Purchase of Intangible Assets	-231 122	-231 122	0
Proceeds on Disposal of Property, Plant and Equipment	407 123	407 123	0
Profit on Sale of Land	344 862	344 862	0
Decrease / (Increase) in Long-term Receivables	43 345	0	43 345
New Loans raised	1 833 729	1 833 729	0
Loans repaid	-286 837	-286 837	0
Cash and Cash Equivalents at the beginning of the year	80 699 141	80 699 141	0
Cash and Cash Equivalents at the end of the year	29 624 537	29 624 537	0

UMZIMVUBU LOCAL MUNICIPALITY

2012
R

2 011
R

NOTE : 1

Determining the cash receipts./ payments

Revenue and expenditure from statement of performance

	AFS		RESTATED		ADJUSTMENT
	Revenue	Expenditure	Revenue	Expenditure	Rev./Exp.
Revenue and expenditure from statement of performance	154 081 972	-139 824 447	154 980 658	-139 955 924	-767 210
Correction of Errors	-	-	-	-157 488	157 488
Investment income	-4 346 241	-	-4 346 241	-	-
Gain on disposal of property, plant and equipment	38 439	-	-344 123	-	382 562
Loss on sale of PPE	-	-	-	382 562	-382 562
Depreciation	-	23 294 149	-	23 294 149	-0
Contribution to provisions – non-current	-	286 459	-	1 542 858	-1 256 399
Operating Lease Revenue Straightlined	-	-	22 157	-	-22 157
Increase in staff leave	-	-	-	351 476	-351 476
Contribution to bad debt provision	-139 760	9 215 993	-	9 715 469	-639 235
Interest paid	-	634 248	-	1 044 926	-410 678
0	149 634 411	-106 393 599	150 312 452	-103 781 972	-3 289 668
Decrease in inventories	-	-15 812	-	-15 812	-0
(Increase)/decrease in Exchange Transactions	-6 739 189	-	-7 667 288	-	928 099
(Increase)/decrease in Non-Exchange Transactions	-17 007 468	-	-18 554 898	-	1 547 430
(Decrease)/increase in conditional grants and receipts	-7 893 925	-	-7 893 925	-	-
Increase/(Decrease) in Creditors	-	-1 217 357	-	-1 577 471	360 114
	117 993 829	-107 626 768	116 196 341	-105 375 255	-454 025
			Revenue	Expenditure	Rev./Exp.
			-898 686	131 476	-767 210
			2 835 935	-2 522 748	313 187
			1 937 249	-2 391 272	-454 023

Correction of Errors iro 2009/10 which affected the surplus for the year

Rates raised in respect of 2009/10	-632 943
Recalculation of Landfill Site Liability at 30 June 2010	827 185
Acknowledgement of Primedia as an Operating Lease/Asset at 30 June 2010	-36 753
See Notes 34.2 and 34.4 above.	157 488

Contribution to provisions – non-current

Calculation of Movement/Long Term Liability

	Long Service Awards	Landfill Sites	Total
2011	446 882	5 059 136	5 506 018
2010	403 770	3 559 390	3 963 160
	43 112	1 499 746	1 542 858

Long Services Awards - Actuarial loss excluded from last year AFS	21 118
Landfill site assets reduced due to revaluation	231 384
Interest on Landfill sites last year reversed	33 965
	-1 256 391

Loss on sale of PPE

The profit on the land sales was set of against the losses on the sale of PPE last year which is now separated under Revenue and Expenditure causing the difference of R382 562 in both sections	382 562
	-382 562
	0

Operating Lease Revenue Straightlined

The straightlining of revenue from Operating Leases was previously excluded from Non-Cash Items

Operating Lease Asset	30/06/2010	258 860
Operating Lease Asset	30/06/2011	-236 703
		22 157

Increase in staff leave

Increase in staff leave was previously included under creditors and excluded from Non-Cash Items	-351 476
--	----------

Contribution to bad debt provision

VAT Debtors Impaired. Not part of the Statement of Financial Performance figure previously disclosed	-639 235
--	----------

Interest paid

Restated to the amount per the Statement of Financial Performance	-410 678
---	----------

(Increase)/decrease in Exchange Transactions

Output VAT transferred out to Creditors	-929 152
---	----------

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
<u>(Increase)/decrease in Non-Exchange Transactions</u>		
Rates raised on schools previously excluded from rateable valuation (2009/10)		-632 943
Rates raised on schools previously excluded from rateable valuation (2010/11)		-914 252
Amount with credit balance transferred from Debtors to Creditors		-235
		-1 547 430
<u>Increase/(Decrease) in Creditors</u>		
Increase in staff leave was previously included under creditors and excluded from Non-Cash Items		-351 476
CORE Note 34.7 - Payables		-8 636
		-360 112
35 CASH GENERATED BY OPERATIONS		
Surplus for the Year	(918 426)	15 024 735
Adjustment for:		
Depreciation and amortization	29 180 816	23 294 115
Contribution to Provisions - Non-Current	620 581	1 542 858
Increase in staff leave	139 281	351 476
Impairment losses - Provision for doubtful debts (Trade receivables)	8 108 347	9 715 469
Impairment losses - PPE	94 976	
Operating lease income accrued due to straightlining	153 093	22 157
Profit on sale of PPE		(344 123)
Loss on sale of PPE		382 561
Investment income	(2 555 786)	(4 346 241)
Interest Paid	664 232	1 044 926
Correction of errors		(157 488)
Operating surplus before working capital changes	35 487 114	46 530 445
Increase in Inventory	(96 739)	(15 813)
(Increase)/Decrease in Trade receivables from exchange	(1 789 657)	(2 445 072)
(Increase)/Decrease in Trade receivables from non exchange transactions	9 876 627	(18 554 898)
(Increase)/Decrease in VAT	6 595 779	(5 222 216)
Increase/(Decrease) in Conditional Grants and Receipts	(279 147)	(7 893 925)
Increase/(Decrease) in Creditors	(3 107 102)	(1 577 471)
Cash generated by / (utilised in) operations	46 686 875	10 821 050
See Note 34.8 under Correction of Errors for the restatement of the Cash Flow Statement from the Indirect to the Direct method.		
36 NON-CASH INVESTING AND FINANCING TRANSACTIONS		
The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2011/12 financial year.		
37 FINANCING FACILITIES		
The municipality did not have any Financing Facilities available at any time during the two financial years.		
38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities (See Note 15)	1 255 479	1 546 892
Used to finance Property, Plant and Equipment - at cost	(1 255 479)	(1 546 892)
Cash invested for Repayment of Long-term Liabilities	-	-
Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.		
39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
39.1 Unauthorised Expenditure		
To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.		
Reconciliation of Unauthorised Expenditure:		
Opening balance	36 053 232	12 739 495
Unauthorised Expenditure current year		36 053 232
Approved / written off by Council	(36 053 232)	(12 739 495)
Unauthorised Expenditure awaiting authorisation	-	36 053 232
39.2 Fruitless and Wasteful Expenditure		
To management's best of knowledge instances of note indicating that Fruitless and Wasteful Expenditure was incurred during the year under review were not revealed.		

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2 011 R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	48 772	-
Fruitless and Wasteful Expenditure current year	13 845	48 772
Approved / written off by Council	(48 772)	
Fruitless and Wasteful Expenditure awaiting condonement	<u>13 845</u>	<u>48 772</u>

Incident	Disciplinary Steps / Criminal Proceedings
Interest on late payment - Various Creditors	None

39.3 Irregular Expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under review were not revealed.

Reconciliation of Irregular Expenditure:		
Opening balance	25 985 204	1 600 000
Irregular Expenditure current year	341 057	24 385 204
Condoned or written off by Council	(25 985 204)	-
Irregular Expenditure awaiting condonement	<u>341 057</u>	<u>25 985 204</u>

Incident	Disciplinary Steps / Criminal Proceedings
Various awards to persons in service of the state (2012 : R341 057)	

40 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

40.1 Contributions to organised local government - SALGA

Opening Balance	302 046	-
Council Subscriptions	363 422	310 555
Amount Paid - current year		(8 509)
Amount Paid - previous years	(302 046)	-
Balance Unpaid (included in Creditors)	<u>363 422</u>	<u>302 046</u>

40.2 Audit Fees

Opening Balance	139 545	0
Current year Audit Fee	3 138 423	2 607 198
Amount Paid - current year	(2 731 147)	(2 467 653)
Amount Paid - previous years	(263 865)	
Balance Unpaid (included in Creditors)	<u>282 956</u>	<u>139 545</u>

40.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

40.4 PAYE, Skills Development Levy and UIF

Opening Balance	(458 934)	(0)
Current year Payroll Deductions	8 069 719	6 530 069
Amount Paid - current year	(7 610 785)	(6 989 003)
Balance Unpaid (included in Creditors)	<u>(0)</u>	<u>(458 934)</u>

40.5 Pension and Medical Aid Deductions

Opening Balance	-	436 409
Current year Payroll Deductions and Council Contributions	5 902 817	5 861 919
Amount Paid - current year	(5 902 817)	(5 861 919)
Amount Paid - previous years		(436 409)
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

40.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
30 June 2012			
Mbele N	2 295	273	2 022
Total Councillor Arrear Consumer Accounts	<u>2 295</u>	<u>273</u>	<u>2 022</u>
30 June 2011			
Mbele N	4 059	423	3 636
Total Councillor Arrear Consumer Accounts	<u>4 059</u>	<u>423</u>	<u>3 636</u>

40.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

UMZIMVUBU LOCAL MUNICIPALITY

2012
R

2 011
R

40.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Community Services (Waste Management)	Jan-12	Transkei Yamaha	Stihl BrushCutters where purchased from Transkei Yamaha and in order for them not to loose warranties and guarantees in case of damages when being serviced, so this is an exceptional case where it is impractical to follow official SCM processes. (Refer to ULM SCM policy 36 (1)(v))	48 479.45
Prefer to service machines with agents.				
Corporate Support Services	Sep-11 May-12	Dimension Data Margate Hotel	Only service provider for data networks in the area. All quotations above R200 000. Margate Hotel	133 714.91 259 175.00
2 Occasions during the financial year for reasons of urgency, sole supplier and preferred supplier amounting to R392889.91				
Developmental Services(SPU)	Jul-11	Rob Pollock	Due to our threshold of request for quotes (R10000-R30000) Rob Pollock is the only professional service provider that is available in our database (so this is an exceptional case where it is impractical to follow official SCM processes. (Refer to ULM SCM policy 36 (1)(v))	23 176.66
Professional photographer on Supply Chain Management database.				
Technical Services	Nov-11	Barloworld Equipment	Barloworld Equipment is the single provider of Caterpillar Equipment (refer to ULM SCM policy 36 (1)(a) (ii))	24 250.37
Prefer to service TLB with agents.				
Traffic and Emergency Services	Jul-11 Mar-12 Mar-12 May-12	FG Uniforms FG Uniforms Lexis Nexis EMCOM Wireless (PTY) LTD	Only suppliers for Traffic Officers uniforms and traffic books. EMCOM Wireless (PTY) LTD supplied us with Sonnenchein SB6000/6 radio's for Traffic, so it the only service provider that supply with can supply us with same batteries and that is available in our database (so this is an exceptional case where it is impractical to follow official SCM processes. (Refer to ULM SCM policy 36 (1)(v))	45 860.55 30 868.92 15 701.82 21 349.92
4 Occasions during the financial year for reasons of urgency, sole supplier and preferred supplier amounting to R113781.21				

UMZIMVUBU LOCAL MUNICIPALITY

	2012 R	2011 R
41 COMMITMENTS FOR EXPENDITURE		
41.1 Capital Commitments		
Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	11 395 981	39 232 021
Infrastructure	9 260 430	39 232 021
Community	1 318 632	
Buildings	816 919	
Total Capital Commitments	11 395 981	39 232 021
This expenditure will be financed from:		
Government Grants	11 395 981	39 232 021
	11 395 981	39 232 021
Commitments for the acquisition of Property, Plant and Equipment	11 395 981	39 232 021

41.2 Lease Commitments

Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 14 and 15.

41.3 Other Commitments

The municipality has entered into a contract with Ducharme Consulting Services for the assistance of asset verification, compilation of the Assets Register, restructuring of Chart of Accounts and the compilation of Annual Financial Statements for 6 months, which will give rise to a total charge of R1 513 760.00.

The municipality has entered into a contract with Gijima Mbaso JV Amazizi Amahle for Security Services, Mt. Frere Offices for 2 years, which will give rise to a charge of R2 020 057.20 of actual project expenditure payable on a monthly basis.

The municipality has entered into a contract with SLK Security and Cleaning Services for the provision of security services for Mt. Ayliff Offices for the next 2 years, which will give rise to an annual charge of R1 682 567.04.

The municipality has entered into a contract with Vodacom Pty Ltd for cellphones for both councillors and employees for two years.

The municipality has entered into a contract with REVCO for the management and collection of Municipal debts for Mt. Frere and Mt. Ayliff at 17.1% commission based on collection.

The municipality has entered into a contract with Fleet Africa for leasing of vehicle on FML agreement for 5 years reviewed after three years, which will give rise to a charge of approximately R8 067 005.50.

The municipality has entered into a contract with Konica Minolta for leasing of printing and fax machines for 36 months reviewed, which will give rise to a charge of approximately R1 200 000.00.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2 011 R
42 FINANCIAL INSTRUMENTS			
42.1 Classification			
FINANCIAL ASSETS:			
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):			
<u>Financial Assets</u>	<u>Classification</u>		
Receivables from exchange transactions			
Refuse	Loans and receivables	81 235	162 447
Other Debtors	Loans and receivables	489	271 596
VAT Debtors	Loans and receivables	23 244	194 302
Receivables from non-exchange transactions			
Assessment Rates Debtors	Loans and receivables	498 321	2 959 613
Payments made in Advance	Loans and receivables	-	47 636
Government Subsidy Claims	Loans and receivables	-	13 144 913
Sundry Deposits	Loans and receivables	2 769	-
Sundry Debtors	Loans and receivables	-	41 158
Interest Charges	Loans and receivables	20 293	-
Bank, Cash and Cash Equivalents			
Call Deposits	Available for sale	29 365 014	26 356 205
Bank Balances	Available for sale	5 193 844	3 268 333
Cash Floats and Advances	Available for sale	-	-
Other Cash Equivalents	Available for sale	877	-
SUMMARY OF FINANCIAL ASSETS			
Loans and Receivables			
Consumer Debtors	Assessment Rates	498 321	2 959 613
Consumer Debtors	Refuse	81 235	162 447
Consumer Debtors	Other Debtors	489	271 596
Consumer Debtors	VAT Debtors	23 244	194 302
Other Debtors	Government Subsidy Claims	-	47 636
Other Debtors	Recoverable Works	-	13 144 913
Other Debtors	Sundry Deposits	2 769	-
Other Debtors	Sundry Debtors	-	41 158
Other Debtors	Interest Charges	20 293	-
		626 350	16 821 667
Available for Sale:			
Bank Balances and Cash	Bank Balances	5 193 844	3 268 333
Bank Balances and Cash	Other Cash Equivalents	877	-
Bank Balances and Cash	Call Deposits	29 365 014	26 356 205
		34 559 735	29 624 537
Total Financial Assets		35 186 085	46 446 204
FINANCIAL LIABILITIES:			
In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows			
<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities	Financial Liabilities a -		
Finance Lease Liabilities	Amortised Cost	936 730	1 255 479
Creditors			
Trade Creditors	Amortised Cost	7 404 059	11 043 426
Payments received in Advance	Fair value	973 484	481 528
Retentions	Amortised Cost	348 968	114 725
Long Services Awards (Short term)	Amortised Cost	134 107	110 794
Sundry Deposits	Amortised Cost	40 535	34 087
Rental Deposits	Amortised Cost	22 703	22 703
Other Creditors	Amortised Cost	10 966	235
Accrued leave	Amortised Cost	2 055 302	1 916 021
Value Added Tax (Output)	Amortised Cost	55 491	289 917
Current Portion of Long-term Liabilities			
Finance Lease Liabilities	Amortised Cost	313 749	291 413

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2 011 R	
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liabilities	936 730	1 255 479
Creditors	Trade Creditors	7 404 059	11 043 426
Creditors	Retentions	348 968	114 725
Creditors	Long Services Awards (Short term)	134 107	110 794
Creditors	Sundry Deposits	40 535	34 087
Creditors	Rental Deposits	22 703	22 703
Creditors	Other Creditors	10 966	235
Creditors	Accrued leave	2 055 302	1 916 021
Creditors	Value Added Tax (Output)	55 491	289 917
Current Portion of Long-term Liabilities	Finance Lease Liabilities	318 749	291 413
Payments received in advance	Payments received in advance	973 484	481 528
Total Financial Liabilities		12 301 094	15 560 328

42.2 Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value:

Cash and short-term investments

The carrying amount approximates fair value because of the short maturity of those instruments.

Loan receivables/payables

Interest-bearing borrowings and receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and, therefore, the fair value of these financial assets and liabilities closely approximates their carrying values. Fixed-interest-rate instruments are fair-valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other receivables/payables

The fair value of trade and other payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;

Long-term Liabilities

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 30 June 1012, as a result of the short-term maturity of these assets and liabilities.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012		2 011	
	R		R	
	30 June 2012		30 June 2011	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Loans and Receivables	626 350	626 350	16 821 667	16 821 667
Consumer Debtors	104 968	104 968	628 346	628 346
Other Debtors	521 382	521 382	16 193 321	16 193 321
Available for Sale	34 559 735	34 559 735	29 624 537	29 624 537
Bank Balances and Cash	34 559 735	34 559 735	29 624 537	29 624 537
Total Financial Assets	35 186 085	35 186 085	46 446 204	46 446 204
	30 June 2012		30 June 2011	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL LIABILITIES				
Designated as FVTPL:	12 301 094	12 301 094	15 560 328	15 560 328
Amortised Cost				
Unsecured Bank Facilities:	936 730	936 730	1 255 479	1 255 479
- Finance Lease Liabilities	936 730	936 730	1 255 479	1 255 479
Trade and Other Payables:	11 364 364	11 364 364	14 304 849	14 304 849
- Creditors	10 072 131	10 072 131	13 531 908	13 531 908
- Payments received in advance	973 484	973 484	481 528	481 528
- Current Portion of Long-term Liabilities	318 749	318 749	291 413	291 413
Total Financial Liabilities	12 301 094	12 301 094	15 560 328	15 560 328
Total Financial Instruments	22 884 991	22 884 991	30 885 876	30 885 876
Unrecognised Gain / (Loss)		-		-

At the reporting date there are no significant concentrations of credit risk for Loans and Receivables at Fair Value. The carrying amount reflected above represents the municipality's maximum exposure to credit risk for such loans and receivables.

There were no reclassifications of financial assets during the financial period.

42.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2012.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 15, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

Gearing Ratio

	2012	2011
	R	R
The gearing ratio at the year-end was as follows:		
Debt	1 255 479	1 546 892
Bank, Cash and Cash Equivalents	34 559 735	29 624 537
Net Debt	35 815 214	31 171 429
Equity	245 438 419	246 356 844
Net debt to equity ratio	14.59%	12.65%

Debt is defined as Long- and Short-term Liabilities.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

The gearing ratio for 2010/11 was restated as the previous calculation did not include the finance lease taken up by the municipality during

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2 011
R	R

RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

42.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Further quantitative disclosures are included throughout these financial statements.

42.5 Disclosure of significant risks

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risks and exposure are disclosed as follows:

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit risk is the risk of financial loss to the Municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

42.6 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.

42.6.1 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments, and loan payables. The Entity is not exposed to interest rate risk on these financial instruments, as the rates applicable are fixed interest rates.

42.6.2 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

42.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 2 011
R R

Investments/ Cash and Cash Equivalents

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited creditrating agency. The Municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with it's investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Receivables from exchange and non-exchange transactions

Trade and other receivables are amounts owing by consumers, and are presented net of impairment losses. The Municipality has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Municipality is compelled in terms of its

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Municipality's maximum exposure to credit risk is represented by the carrying value of each financial

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2012 R	2011 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Consumer Debtors	9 251 556	7 461 899
Other Debtors	26 848 918	36 725 544
Bank, Cash and Cash Equivalents	34 559 735	29 624 537
Maximum Credit and Interest Risk Exposure	70 660 210	73 811 980

The figures for last year was restated as it was the figures after provision for impairment. The municipality's exposure equals the total debt outstanding as per IFRS 7.36.

	2012 R	2011 R
The major concentrations of credit risk that arise from the Municipality's receivables in		
<i>Consumer debtors:</i>		
Household	49%	32%
Industrial/Commercial	30%	23%
National and Provincial Government	14%	10%
Other consumer debtors	5%	4%
<i>Other debtors:</i>		
Landsales	1%	1%
Governement Grant Claims	0%	31%
Other	1%	0%
	100%	100%

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

42 FINANCIAL INSTRUMENTS (Continued)

42.8 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2012

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	7		29 365 014	29 365 014	-	-	-	-
Bank Balances and Cash	7		5 194 722	5 194 722	-	-	-	-
Total Fixed Rate Instruments			34 559 735	34 559 735	-	-	-	-

30 June 2011

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	7		26 356 205	26 356 205	-	-	-	-
Bank Balances and Cash	7		3 268 333	3 268 333	-	-	-	-
Total Fixed Rate Instruments			29 624 537	29 624 537	-	-	-	-

42.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

UMZIMVUBU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

43 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R2.19 million (Previous year : R2.16 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED CONTRIBUTION SCHEMES

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the fund had a funding ratio of 94,0% (30 June 2006: 106,5%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund

No details could be provided for the fund and of any valuation performed.

South African Municipal Workers Union National Provident Fund:

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2005.

The statutory valuation performed as at 30 June 2005 revealed that the fund had a funding ratio of 100,0% (30 June 2002: 100,0%). The contribution rate paid by the members (not less than 5,00%) and Council (not less than 12,00%) is sufficient to fund the benefits accruing from the fund in the future.

44 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

44.1 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

44.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

44.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 25 and 26 respectively, to the Annual Financial Statements.

Remuneration of the family of key management personnel and councillors that are employed at the municipality.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

			2012 R	2011 R
Councillors				
	Names	Department		Remuneration
	ClIr Z Ndevu	Budget & Treasury		136 776.33
	ClIr MM Mpepanduku	Council		10 787.87
	ClIr MM Mpepanduku	Community & Citizens Services		68 718.55
	ClIr NM Mlenzana	Special Programmes		459 790.00
	ClIr NN Boyce	Community & Citizens Services		68 553.08
	Total Remuneration			744 625.83
Managers				
	Names	Department		Remuneration
	Mr MN Sineke	Community & Citizens Services		64 721.38
	Total Remuneration			64 721.38

44.4 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

45 CONTINGENT LIABILITIES

45.1 Guarantees:

The municipality did not issue any guarantee during the financial years under review.

45.2 Court Proceedings:

6 522 873 27 790 500

(i) Dispute on tender for Food Programme awarded:

An application was brought by Mbali Rural Developers in the High Court to prevent Umzimvubu Municipality from awarding the food programme contract to any other entity person. Mbali's application is academic as the municipality decided not to award the contract. Mbali are persisting with their application to recover their cost which are opposed by the municipality. Legal council proposed at 30 June 2012 that an amount of R4 280 000 be disclosed as a contingent liability.

(ii) Wrongful Arrest:

The municipality has been sued for R560 000 by an individual for a wrongful arrest and detention by a traffic officer.

(iii) Land claim on properties of which the municipality keeps the title deed:

A land claim was registered which includes properties of which the title deeds are held by the municipality. The fair value of these properties totals R10 790 500. The properties was previously incorrectly impaired but was now re-instated at fair value and forms part of the Property Plant and Equipment included in these statements. The matter has been resolved.

(iv) Non-payment for work done:

The municipality are being sued by Maximum Profit Recovery (Pty) Ltd for an amount of R526 868.24 for a VAT recovery audit being done by them and afterwards by another service provider who was paid the relevant commission.

(v) Criminal matter:

P. Vitshima sue the municipality on criminal grounds for the amount of R45 000. The legal fees in this case can add up to around R250 000.

(vi) Dispute over Contract awarded

Phiko Security Services have instituted action against the municipality for an amount of R756 005 plus interest at 15.5% for services rendered plus legal costs. The value of the liability is estimated at about R906 005

46 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

47 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

48 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2012.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

49 COMPARATIVE FIGURES

The comparative figures were restated as indicated under each note where it was necessary to do so.

50 MANAGEMENT'S GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) The Council adopted the 2012/13 to 2014/15 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the on-going delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A
UMZIMVUBU LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2011	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2012
	R				R	R	R	R
CAPITAL LEASE LIABILITIES								
Isuzu KB50D LWB S/Cab FMX 914 EC	187 807	Prime	1	21-Jan-16	172 584		32 572	140 012
Isuzu KB250D TEQ S/Cab FMX 923 EC	265 351	Prime	2	22-Dec-15	243 842		46 021	197 822
Isuzu KB250D TEQ D/Cab FMX 972 EC	328 421	Prime	3	21-Jan-16	301 800		56 959	244 841
Chevrolet Aveo 1.6 L FNH 218 EC	137 450	Prime	4	31-Jan-16	128 200		23 661	104 539
Chevrolet Aveo 1.6 L FMX 935 EC	152 450	Prime	5	21-Jan-16	140 093		26 440	113 653
Chevrolet Aveo 1.6 L FMX 936 EC	152 450	Prime	6	21-Jan-16	140 093		26 440	113 653
Chevrolet Aveo 1.6 L FMX 937 EC	152 450	Prime	7	21-Jan-16	140 093		26 440	113 653
Chevrolet Aveo 1.6 L FMX 938 EC	152 450	Prime	8	21-Jan-16	140 093		26 440	113 653
Chevrolet Aveo 1.6 L FMX 929 EC	152 450	Prime	9	23-May-11	-		-	-
Chevrolet Aveo 1.6 L FMX 940 EC	152 450	Prime	10	21-Jan-16	140 093		26 440	113 653
Total Capital Lease Liabilities	1 833 729				1 546 892	-	291 413	1 255 479

Vehicle Leases:

Vehicles are leased from Fleetafrica for a period of 5 years with the interest rate linked to the prime overdraft rate.

At the expiry of the leases, the municipality do not have the option to (a) extend or assign the lease for a further period, or (b) repurchase the assets with the sales proceeds refunded to the municipality as a rebate of rentals.

APPENDIX B
UMZIMVUBU LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment				Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings											
Land: Developed	-	-	666 615	-	-	666 615	-	-	-	-	666 615
Land: Undeveloped	23 302 800	-	-	-	-	23 302 800	-	-	-	-	23 302 800
Office Buildings	27 851 574	-	4 205 592	-	-	32 057 166	2 226 662	1 116 381	-	3 343 043	28 714 123
Other Buildings	385 163	-	-	-	-	385 163	121 919	77 201	-	199 120	186 043
	51 539 537	-	4 872 207	-	-	56 411 744	2 348 581	1 193 582	-	3 542 163	52 869 581
Infrastructure											
<i>Roads and Transport:</i>											
Bridges, Subways and Culverts	1 919 260	-	-	-	-	1 919 260	146 673	38 465	-	185 138	1 734 123
Bus/Taxi Stops	152 952	-	-	-	-	152 952	61 203	10 219	-	71 422	81 530
Road Furniture (Lights, Signs, etc)	39 967	-	-	-	-	39 967	24 314	4 005	-	28 319	11 547
Roads: Asphalt	6 930 673	19 205 329	27 149 390	-	-	53 285 393	2 482 629	156 015	-	2 638 644	50 646 749
Roads: Gravel	175 177 002	13 761 527	6 191 007	(3 564 363)	-	191 565 173	131 860 353	21 276 692	(3 469 387)	149 667 658	41 897 515
Transfer Stations	-	(26 475)	1 189 311	-	-	1 162 836	-	-	-	-	1 162 836
Landfill Sites	3 774 776	-	-	-	-	3 774 776	543 044	189 991	-	733 035	3 041 741
Concrete Refuse Bins	-	23 220	-	-	-	23 220	-	2 111	-	2 111	21 109
<i>Security Measures:</i>											
Fencing / Perimeter Protection	3 158 218	6 895	-	-	-	3 165 113	1 315 227	303 348	-	1 618 575	1 546 538
<i>Water:</i>											
Boreholes	157 014	-	-	-	-	157 014	43 919	43 919	-	87 838	69 176
Reservoirs and Tanks	-	7 805	-	-	-	7 805	-	638	-	638	7 167
	191 309 862	32 978 302	34 792 739	(3 564 363)	-	255 516 540	136 477 362	22 025 402	(3 469 387)	155 033 378	100 483 162
Community Assets											
<i>Recreational Facilities:</i>											
Outdoor Sports Facilities	4 483 939	-	-	-	-	4 483 939	371 102	190 918	-	562 020	3 921 919
<i>Other Facilities:</i>											
Cemeteries	239 302	-	1 536 329	-	-	1 775 631	19 334	10 117	-	29 451	1 746 180
Community Centres	69 113 668	246 785	328 994	-	-	69 689 448	20 373 842	2 768 582	-	23 142 424	46 547 023
Public Conveniences/Bathrooms	349 981	-	-	-	-	349 981	144 062	16 992	-	161 054	188 927
	74 186 891	246 785	1 865 323	-	-	76 298 999	20 908 340	2 986 609	-	23 894 949	52 404 050
Heritage Assets											
Municipal Jewelry	17 719	-	-	-	-	17 719	-	-	-	-	17 719
	17 719	-	-	-	-	17 719	-	-	-	-	17 719
Leased Assets											
Vehicles	1 681 279	-	-	-	-	1 681 279	172 758	336 992	-	509 751	1 171 528

	1 681 279	-	-	-	-	1 681 279	172 758	336 992	-	509 751	1 171 528
<i>Furniture and Fittings:</i>											
Domestic and Hostel Furniture	185 496	9 200	-	-	-	194 696	45 661	20 286	-	65 947	128 749
Other Furniture	2 607 665	107 307	-	-	-	2 714 972	1 230 598	529 679	-	1 760 277	954 895
<i>Motor Vehicles:</i>											
Motor Cars	586 492	-	-	-	-	586 492	172 511	111 217	-	283 728	302 763
Trailers and Accessories	390 400	-	-	-	-	390 400	75 621	70 426	-	146 047	244 353
Trucks	1 806 550	-	-	-	-	1 806 550	538 740	325 891	-	864 631	941 919
<i>Office Equipment:</i>											
Air Conditioners	171 647	-	-	-	-	171 647	108 277	57 228	-	165 506	6 141
Computer Hardware	2 160 158	461 409	-	-	-	2 621 567	855 445	566 790	-	1 422 235	1 199 332
Office Machines	245 386	45 180	-	-	-	290 565	83 913	58 094	-	142 007	148 558
Other Office Equipment	-	350 600	-	-	-	350 600	-	28 394	-	28 394	322 206
Photographic Equipment	-	1 800	-	-	-	1 800	-	49	-	49	1 751
<i>Plant and Equipment:</i>											
Earthmoving Equipment	458 483	-	-	-	-	458 483	114 856	114 856	-	229 712	228 771
Gardening Equipment	104 505	-	-	-	-	104 505	28 586	26 180	-	54 766	49 739
Other Plant and Equipment	1 785 450	-	-	-	-	1 785 450	727 497	415 057	-	1 142 553	642 897
Radio Equipment	12 221	-	-	-	-	12 221	6 115	3 062	-	9 176	3 045
Security Equipment	-	39 000	-	-	-	39 000	-	747	-	747	38 253
<i>Specialised Vehicles:</i>											
Waste Disposal Trucks	-	1 809 699	-	-	-	1 809 699	-	37 165	-	37 165	1 772 534
	10 514 452	2 824 194	-	-	-	13 338 646	3 987 820	2 365 122	-	6 352 941	6 985 705
Total	329 249 741	36 049 281	41 530 268	(3 564 363)	-	403 264 928	163 894 861	28 907 708	(3 469 387)	189 333 182	213 931 745

UMZIMVUBU LOCAL MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2012

[illegible]

UMZIMVUBU LOCAL MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2012

[illegible]

UMZIMVUBU LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation				Accumulated Depreciation / Impairment				Carrying Value
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Additions	Transfers	Closing Balance	
	R	R	R	R	R	R	R	R	R
Executive and Council	17 719	44 666	-	62 385	-	6 708	-	6 708	55 677
Finance and Administration	9 326 285	402 829	-	9 729 114	3 568 034	1 900 727	-	5 468 761	4 260 353
Planning and Development	56 113 835	437 817	-	56 551 652	2 712 686	1 418 557	-	4 131 243	52 420 408
Community and Social Services	74 794 735	5 171 272	-	79 966 007	21 957 893	3 525 337	-	25 483 230	54 482 777
Sport and Recreation	4 287 764	-	-	4 287 764	363 823	183 054	-	546 877	3 740 887
Waste Management	4 065 081	-	-	4 065 081	550 834	219 085	-	769 919	3 295 162
Roads and Transport	215 742 249	36 425 038	(3 564 363)	248 602 925	134 741 590	21 654 239	(3 469 387)	152 926 443	95 676 482
Total	364 347 668	42 481 622	(3 564 363)	403 264 928	163 894 861	28 907 708	(3 469 387)	189 333 182	213 931 745

APPENDIX D
UMZIMVUBU LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2 011 Actual Income	2 011 Budgeted Income	2 011 Actual Expenditure	2 011 Budgeted Expenditure	2 011 Surplus/ (Deficit)	Description	2 012 Actual Income	2 012 Budgeted Income	2 012 Actual Expenditure	2 012 Budgeted Expenditure	2 012 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
-	2 800 000	21 181 633	28 397 954	(21 181 633)	Executive and Council	150 000	150 000	26 295 915	27 735 334	(26 145 915)
86 858 253	104 741 226	57 454 504	29 032 554	29 403 749	Finance and Administration	107 407 404	131 267 219	65 299 802	68 498 125	42 107 603
61 819 389	87 880 848	39 987 472	26 150 935	21 831 916	Planning and Development	21 025 309	40 230 221	26 369 419	28 017 441	(5 344 110)
4 521 832	5 364 221	20 925 068	20 189 772	(16 403 236)	Community and Social Services	1 040 838	105 183	2 901 279	2 867 390	(1 860 441)
-	-	-	-	-	Public Safety	3 983 910	4 923 432	7 792 534	8 615 835	(3 808 624)
1 781 184	1 300 000	407 246	-	1 373 938	Waste Management	2 006 613	3 965 035	7 873 551	7 496 080	(5 866 939)
154 980 658	202 086 295	139 955 924	103 771 215	15 024 735	Sub-Total	135 614 075	180 641 090	136 532 501	143 230 205	(9 18 426)
					- Revenue Foregone					-
154 980 658	202 086 295	139 955 924	103 771 215	15 024 735	Total	135 614 075	180 641 090	136 532 501	143 230 205	(9 18 426)

APPENDIX E(1)
UMZIMVUBU LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12 Actual	2011/12 Budget	2011/12 Variance	2011/12 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	9 114 470	8 000 000	1 114 470	12.23	The variance is caused by the increase in tariffs.
Fines	778 265	819 432	(41 167)	(5.29)	
Licences and Permits	2 161 159	2 097 811	63 348	2.93	
Income for Agency Services	1 072 014	1 000 000	72 014	6.72	
Government Grants and Subsidies	115 026 234	136 025 200	(20 998 966)	(18.26)	
Public Contributions and Donations	12 200	2 200	10 000	81.97	The Municipality did not expect lots of donations but through the LED department we received more.
Service Charges	2 006 595	2 600 000	(593 405)	(29.57)	Fluctuations in inflation rate were taken into consideration when budgeting for service charges.
Rental of Facilities and Equipment	803 617	1 091 183	(287 566)	(35.78)	This item was over-budgeted for.
Interest Earned - External investments	2 127 973	3 538 894	(1 410 921)	(66.30)	This item was over-budgeted for.
Interest Earned - Outstanding debtors	427 813	256 297	171 516	40.09	There was an under-estimate on this figure.
Other Income	2 083 734	24 012 740	(21 929 005)	(1 052.39)	This amount includes amount for VAT Claims and also reserves that are already in the Municipality.
Gains on Disposal of Property, Plant and Equipment	-	100 000	(100 000)	(100.00)	There were no disposals during the year. Auction was only in August 2012
Profit on Sale of Land	-	280 000	(280 000)	(100.00)	There were no land sales during the year.
Total Revenue	135 614 075	180 641 090	(45 027 015)	(24.93)	
EXPENDITURE					
Employee Related Costs	33 919 023	37 680 470	(3 761 447)	(11.09)	There was a saving due to vacant positions.
Remuneration of Councillors	13 113 451	12 036 693	1 076 758	8.21	
Collection Costs	-	500 000	(500 000)	(100.00)	Debt collectors were appointed very late in the financial year.
Depreciation	29 180 816	25 000 000	4 180 816	14.33	There was an under-estimation on the depreciation calculations.
Impairment Losses	7 757 810	8 200 000	(442 190)	(5.70)	
Repairs and Maintenance	5 515 476	4 164 991	1 350 484	24.49	
Interest Paid	664 232	19 000	645 232	97.14	This includes interest for leased assets which was not budgeted for, this will be taken into consideration in the next budget.
Contracted Services	667 186	804 000	(136 814)	(20.51)	There was a saving due to the fact that the Internal Audit services time was reduced because of the co-operation given and functioning audit committee..
Grants and Subsidies Paid	3 407 646	3 901 319	(493 673)	(14.49)	There was a saving due to more labour intensive LED projects.
General Expenses	37 978 575	45 998 732	(8 020 157)	(21.12)	A saving was caused by better management of funds.
Government Grants (Conditional)	4 328 286	4 925 000	(596 714)	(13.79)	This is caused by unspent conditional grants that will be rolled over to the next financial year.
Total Expenditure	136 532 501	143 230 205	(6 697 705)	(4.68)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(918 426)	37 410 884	(38 329 310)	102.45	

APPENDIX E(2)
UMZIMVUBU LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	Explanation of Significant Variances greater than 5% versus Budget
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	
	R	R	R	R	R	%	
Executive and Council	44 666	-	44 666	1 057 640	(1 012 974)	(95.78)	There were delays on the purchase of the Mayoral vehicle. This was caused by the delays on the procurement processes for the Post boxes tender. There were LED projects that took very long to be awarded due non-availability of suitable tenders.
Finance and Administration	402 829	-	402 829	3 309 450	(2 906 621)	(87.83)	
Planning and Development	437 817	-	437 817	83 472 819	(63 035 002)	(99.31)	
Health	-	-	-	-	-	0.00	
Community and Social Services	5 171 272	-	5 171 272	60 000	5 111 272	8 518.79	
Housing	-	-	-	-	-	0.00	
Public Safety	-	-	-	275 000	(275 000)	(100.00)	
Waste Management	-	-	-	6 171 005	(6 171 005)	(100.00)	
Roads and Transport	36 425 038	-	36 425 038		36 425 038		
Total	42 481 622	-	42 481 622	74 345 914	(31 864 292)	(42.86)	

APPENDIX F
UMZIMVUBU LOCAL MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld	Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June				
Equitable Share	Nat Treasury	38 347 000	28 501 000	25 418 000						667 000	ent MSIG for 200	Yes	Unspent amount
FMG	Nat Treasury	1 456 518				197 714	442 253	299 715	516 836			Yes	
MIG Projects		25 570 000	5 587 000			21 586 799	2 696 617	1 956 586	4 910 065			Yes	
MSIG	COGTA	792 090				0	0	368 502	296 568			No	
EPW Incentive Grant	Public Works	685 000	482 000	352 000			71 359	179 438	185 468			Yes	
Small Towns Revitalisation	DEDEA	250 000		250 000					250 000			Yes	
DEDEA Projects	DEDEA					273 149	313 396	418 495	727 888			Yes	
Total Grants and Subsidies Received		67 100 608	34 570 000	26 020 000	0	22 057 662	3 523 625	3 222 716	6 886 825	667 000			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?													

Appendix G
UMZIMVUBU LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT (GRAP 20)

2011/12

Incumbent	Personal Reference Number	Period		Basic Salaries	Bonuses	Allowances	Contributions to Funds	Total Remuneration
		From	To					
Mayor				R	R	R	R	R
KS Pangwa	3078	2011-07-01	2012-06-30	315 660	-	238 420	61 715	615 795
Speaker: Part Time								
ZO Sisilana	3152	2011-07-01	2012-03-30	105 236		80 288	27 463	212 988
Speaker: Full Time								
ZO Sisilana	3159	2012-04-01	2012-06-30	61 190		58 769	13 498	133 457
Chief WIP: Part Time								
N Mbele	3089	2011-07-01	2011-09-30	21 853		22 239	7 598	51 690
Chief WIP: Full Time								
N Mbele	3117	2011-10-01	2012-06-30	178 834		166 530	38 091	383 455
Executive Committee								
MV Nkqayi	3116	2011-07-01	2012-06-30	236 745		189 550	50 606	476 901
VA Bulana	3085	2011-07-01	2012-06-30	130 210		110 806	35 610	276 625
LT Qasha	3150	2011-07-01	2012-06-30	236 745		216 080	50 606	503 431
Z Ndevu	3045	2011-07-01	2012-06-30	236 745		203 152	50 606	490 504
EN Ngalenkulu - Lebelo	3047	2011-07-01	2012-06-30	130 210		88 784	35 610	254 604
N Mpumlwana	3136	2011-07-01	2012-06-30	236 745		187 151	50 606	474 503
N Nkula	3118	2011-07-01	2012-06-30	130 210		97 265	35 610	263 085
PK Thingathinga	3102	2011-07-01	2012-06-30	130 210		113 032	35 610	278 851
Other Councillors								
M Mataka	3023	2011-07-01	2011-09-30	23 310		18 115	7 598	49 023
M Mabanya	3111	2011-07-01	2011-10-30	32 052		20 432	10 131	62 614
EL Sishuba	3100	2011-07-01	2011-12-31	48 078		31 902	15 196	95 176

STATEMENT OF REMUNERATION OF MANAGEMENT (GRAP 20)

2011/12

Incumbent	Personal Reference Number	Period		Basic Salaries	Bonuses	Allowances	Contributions to Funds	Total Remuneration
		From	To					
				R	R	R	R	R
N Goqa	3134	2011-07-01	2011-12-31	48 078		28 511	15 196	91 785
FJ Hem	3156	2011-12-01	2012-06-30	54 634		35 701	17 947	108 282
AL Mwezula	3140	2011-07-01	2012-06-30	94 699		60 510	30 611	185 819
MM Mpepanduku	3091	2011-07-01	2012-06-30	94 699		66 141	30 611	191 451
M Mpakumpaku	3154	2011-07-01	2012-06-30	94 699		62 242	30 611	187 552
X Jona	3158	2012-04-01	2012-06-30	22 946		15 184	7 762	45 892
NM Mlenzana	3147	2011-07-01	2012-06-30	94 699		76 059	30 611	201 369
M Jojo	3122	2011-07-01	2012-06-30	94 699		60 060	30 611	185 369
ZJ Mendu	3128	2011-07-01	2012-06-30	94 699		60 530	30 611	185 840
V Nyangane	3131	2011-07-01	2012-06-30	94 699		59 760	30 611	185 069
N Gogela	3145	2011-07-01	2012-06-30	94 699		59 310	30 611	184 619
ZB Mtebele	3138	2011-07-01	2012-06-30	94 699		60 660	30 611	185 969
CT Ndawo	3137	2011-07-01	2012-06-30	94 699		60 210	30 611	185 519
BMA Zililo	3129	2011-07-01	2012-06-30	94 699		62 013	30 611	187 322
N Sonyabashi	3135	2011-07-01	2012-06-30	94 699		60 210	30 611	185 519
SAN Cekeshe	3113	2011-07-01	2012-06-30	94 699		67 281	30 611	192 590
S Mankanku	3132	2011-07-01	2012-06-30	94 699		58 260	30 611	183 569
NT Xezu	3112	2011-07-01	2012-06-30	94 699		60 510	30 611	185 819
N Jijana	3142	2011-07-01	2012-06-30	94 699		63 802	30 611	189 111
V Ngabaza	3123	2011-07-01	2012-06-30	94 699		58 860	30 611	184 169
FN Ngonyolo	3115	2011-07-01	2012-06-30	94 699		61 710	30 611	187 019
CM Ngalonkulu	3114	2011-07-01	2012-06-30	94 699		59 610	30 611	184 919
BT Ngqasa	3149	2011-07-01	2012-06-30	94 699		73 897	30 611	199 207
MH Kwekwile	3133	2011-07-01	2012-06-30	94 699		62 610	30 611	187 919
NA Sobahle	3139	2011-07-01	2012-06-30	94 699		60 810	30 611	186 119
NP Ndabeni	3126	2011-07-01	2012-06-30	94 699		64 943	30 611	190 252
S Nogcantsi	3130	2011-07-01	2012-06-30	94 699		60 735	30 611	186 044
SP Myingwa	3157	2012-02-01	2012-06-30	38 608		24 997	12 882	76 487
NE Pakkies	3122	2011-07-01	2012-06-30	94 699		59 610	30 611	184 919
T Mabindisa	3141	2011-07-01	2012-06-30	94 699		67 276	30 611	192 585
MM Gwanya	3155	2011-12-01	2012-06-30	54 634		36 001	17 947	108 582
AZ Gwebani	3006	2011-07-01	2012-06-30	94 699		68 457	30 611	193 767

STATEMENT OF REMUNERATION OF MANAGEMENT (GRAP 20)

2011/12

Incumbent	Personal Reference Number	Period		Basic	Bonuses	Allowances	Contributions to Funds	Total
		From	To	Salaries				Remuneration
				R	R	R	R	R
N Boyce	3125	2011-07-01	2012-06-30	94 699		59 160	30 611	184 469
B Mngweba	3127	2011-07-01	2012-06-30	94 699		58 260	30 611	183 569
NO Godlo	3124	2011-07-01	2012-06-30	94 699		64 966	30 611	190 276
NP Mlandu	3120	2011-07-01	2012-06-30	94 699		60 060	30 611	185 369
GU Makanda	3088	2011-07-01	2012-06-30	94 699		60 682	30 611	185 991
TA Mambi	3146	2011-07-01	2012-06-30	94 699		60 434	30 611	185 744
F Ntwakumba	3143	2011-07-01	2012-06-30	94 699		60 510	30 611	185 819
NN Gcadinja	3084	2011-07-01	2012-06-30	94 699		60 510	30 611	185 819
N Mpanda	3094	2011-07-01	2012-06-30	94 699		64 316	30 611	189 626
SK Mnukwa	3153	2011-07-01	2012-06-30	94 699		79 254	30 611	204 564
B Ripa	3148	2011-07-01	2012-06-30	94 699		65 643	30 611	190 952
NA Matshongo	3144	2011-07-01	2012-06-30	94 699		59 160	30 611	184 469
Total for Councillors				6 166 190	-	4 431 932	1 791 701	12 389 822
Municipal Manager								
GPT Nota	4274	2011-07-01	2012-06-30	86 910	5 845	94 620	30 891	218 265
Chief Financial Officer								
M Hloba	4233	2011-07-01	2012-06-30	15 429	6 704	31 942	74 748	128 823
Manager: Community Services								
M Sineke	4281	2011-07-01	2012-06-30	467 011	35 829	276 163	-	779 003
Manager: Corporate Services								
N Kubone	4280	2011-07-01	2012-06-30	467 011	71 657	250 095	26 730	815 494
Manager: Local Economic Development								
P Vitshima	4217	2011-07-01	2012-06-30	35 829	23 886	15 879	4 771	80 365
Manager: Infrastructure and Planning								
SP Ntonga	1517	2011-07-01	2012-06-30	467 011	50 160	299 928	-	817 100

STATEMENT OF REMUNERATION OF MANAGEMENT (GRAP 20)

2011/12

Incumbent	Personal Reference Number	Period		Basic	Bonuses	Allowances	Contributions to Funds	Total
		From	To	Salaries				Remuneration
				R	R	R	R	R
Manager: Chief Operations Officer S Kulu	4158	2011-07-01	2012-06-30	467 011	42 994	222 300	51 670	783 976
Total for Senior Managers				1 919 304	231 230	1 096 308	157 919	3 404 761
Total for Management				8 085 493	231 230	5 528 240	1 949 619	15 794 583