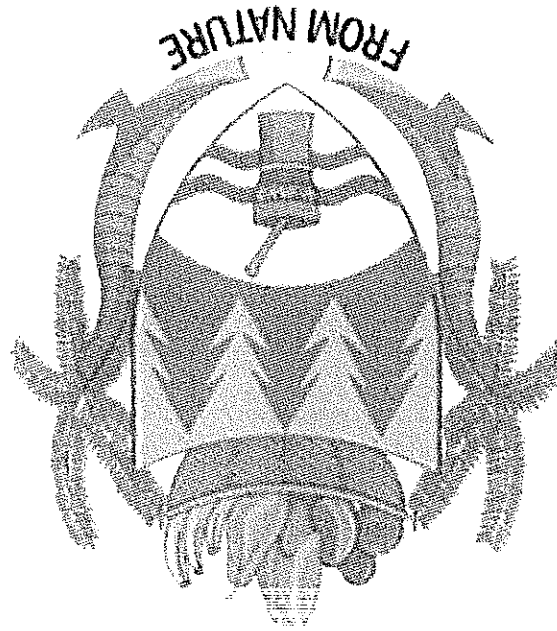


Greater Tzaneen Municipality
Consolidated Financial Statements
for the year ended 30 June 2016



Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Greater Tzaneen Municipality is a local municipality performing the functions as set out in the constitution (Act no 105 of 1996). GTEDA is a municipal entity performing the functions consistent with that of an entity.
Jurisdiction within which the Municipality operates	The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province in the Mopani District Municipality Area of jurisdiction. It comprises a land area of approximately 3240 km ² , and extends from Haenertsburg in the west, to Rubbervale in the east (85km), and just south of Modjadjiskloof in the north, to Trichardsdal in the South (47km).
Executive committee	Councillor DJ Mmetle Councillor DJ Mmetle Councillor MN Mboweni (Finance) Councillor M Makwala (Sport, Recreation, Art and Culture) Councillor RE Pohl Councillor GE Ntombane (Special Programmes) Councillor RR Selomo (Infrastructure) Councillor ML Hlangwane (Health, Environment and Social Development) Councillor B Sekgotodi (Public Transport and Safety and Security Development) Councillor ML Ncha (Economic Development, Housing and Spatial Development Plan) Councillor NIM Mahasha (Corporate Gov. and Shared Services) Councillor C Machimane (Speaker) Councillor MG Mangena (Chief Whip)
Members of the Executive Committee	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

General Information

Ordinary Councilors

Councillor TK Nukeri (MPAC Chairperson)

Councillor C Balozi

Councillor KO Banyini

Councillor M Mokgomole

Councillor AJ van Vuuren

Councillor MM Letsoalo

Councillor MD Mabape

Councillor G Mabuza

Councillor C Nkwashu

Councillor S Mahori

Councillor MR Makhudi

Councillor SC Makwala

Councillor SJ Nkuna

Councillor A Makwela

Councillor C Mamogale

Councillor MS Maunathala

Councillor SP Masetla

Councillor BM Mashava

Councillor NA Masila

Councillor L Matita

Councillor M Sabela

Councillor M Mbhalati

Councillor MS Mboweni

Councillor DQ Mhlan

Councillor MD Hlangwini

Councillor MM Mmola

Councillor TS Manyama

Councillor MM Mohale

Councillor L Mohale

Councillor T Mokgobi

Councillor MJ Mokgoboto

Councillor ST Mushwana

Councillor M Malebati

Councillor M McNeil

Councillor MR Shingange

Councillor ND Ndhlovu

Councillor D Maake

Councillor DL Ndove

Councillor GG Nghondzweni

Councillor RP Nghonyama

Councillor P Machete

Councillor S Mbhalati

Councillor B Mashela

Councillor J Mothiba

Councillor ML Pudikabekwa

Councillor MS Raganya

Councillor PJ Ramodipa

Councillor ME Ramolefo

Councillor NR Rikhotso

Councillor ML Mhlongo

Councillor N Nkwashu

Councillor MH Magoro

Councillor M Sibya

Councillor M Valentine

Councillor NH Zandemela

Grading of local authority

Chief Finance Officer (CFO)

Accounting Officer

Grade 4: High Capacity

Norah Mokgadi Lion

KJ Maphoto

Selemo Republic Monakedi

<p>38 Agatha Street Civic Center Tzaneen 0850</p>	<p>Registered office</p>
<p>38 Agatha Street Civic Center Tzaneen 0850</p>	<p>Business address</p>
<p>PO Box 24 Tzaneen 0850</p>	<p>Postal address</p>
<p>Greater Tzaneen Municipality ABSA</p>	<p>Controlling entity Bankers</p>
<p>www.tzaneen.gov.za</p>	<p>Website address</p>
<p>SA Ngobeni (Chairperson) HN Masedi L Lankalebalela JM Motokeng</p>	<p>Audit committee</p>
<p>Rounding to the nearest Rand</p>	<p>Level of rounding</p>
<p>Auditor General of South Africa (AGSA) Polokwane Office Telephone Number: 015 283 9338</p>	<p>Auditor</p>

General Information

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

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

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13	Statement of Changes in Net Assets
14	Cash Flow Statement
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Abbreviations	
Greater Tzaneen Economic Development Agency	GTEDA
Sector Education and Training Authority	SETA
Development Bank of South Africa	DBSA
South African Local Government Association	SALGA
Generally Recognised Accounting Practice	GRAP
Institute of Municipal Finance Officers	IMFO
Member of Executive Council	MEC
Municipal Finance Management Act	MFMA
Municipal Infrastructure Grant (Previously CMIP)	MIG
Municipal Systems Improvement Grant	MSIG
Expanded Public Works Programme	EPWP
Greater Tzaneen Municipality	GTM
Value Added Tax	VAT

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Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Greater Tzaneen Municipality Consolidated Financial Statements for the year ended 30 June 2016 Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated financial statements are prepared on the basis that the municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality. The external auditors are responsible for independently reviewing and reporting on the economic entity's consolidated financial statements. The consolidated financial statements have been examined by the economic entity's external auditors and their report is presented on page 7.

The consolidated financial statements set out on pages 8 to 113, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2016 and were signed on its behalf by:

Selomo Republic Monakedi
Municipal Manager

Report of the Auditor General

To the Provincial Legislature of Greater Tzaneen Municipality
Report on the financial statements

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2016.

1. Review of activities

Main business and operations

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province within the Mopani District Municipality Area of Jurisdiction. It comprises a land area of approximately 3240 km², and extends from Haenertsburg in the West, to Rubbervale in the East (85km), and just South of of Modjadjiskloof in the North, to Trichardsdal in the South, (47 km).

The operating results for the year were satisfactory for the following reasons:

The Greater Tzaneen Economic Development Agency (Pty) Ltd is a municipal entity incorporated in the Republic of South Africa and established in terms of the Companies Act by the Greater Tzaneen Municipality (GTM) with the assistance of Industrial Development Corporation (IDC) in order to project manage urban and rural regeneration of the GTM's territory with a view to promoting economic and tourism development.

Financial review

This review highlights the Municipality's performance for the past year but does not in any way attempt to provide detail of the performance. Full detail appear in the annual financial statements.

Overview of the Municipality's Results:

The Municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the Annual Financial Statements.

The Statement of Financial Performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 920 893 511 to R 1 083 723 800 while the operating expenditure increased from R 886 341 472 to R 1 088 122 574.

The Municipality reported a net operating surplus of R (6 133 797) (2015 R 32 463 973), for the financial year under review.

The main revenue sources of the Municipality are:

- Property rates;
- Service charges and
- Government grants and subsidies

Whilst the highest expenditure items are:

- Employee related costs;
- Bulk purchases and
- Repairs and maintenance

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owned by consumers. The outstanding consumer debtors as at 30 June 2016 amounts to R 324 325 388 (2015: R 278 686 574) of which R 207 233 176 (2015: R 163 056 873) were impaired. Indigent debtors to the amount of R 5 699 788 (2015: R 4 771 482) have been written off as uncollectable. The total provision for impairment increased from R 163 056 873 in the previous financial year to R 207 233 176 in the current financial year.

Unspent conditional grants and receipts decreased from R 60 435 514 (2015) to R 19 434 127 in the 2015/2016 financial year with a 100% spending on the Municipal Infrastructure Grant. All grant funding allocated to the Municipality with the exception of R 1 999 999 due to poor performance on the Neighbourhood Grant and the MSIG have been received.

With regards to expenditure management the cost containment measures approved by Cabinet on 23 October 2013 have been introduced through the 2014/2015 budget process and are complied with.

The outstanding loans which have been taken-up to finance capital projects amount to R 155 491 448 (2015: R 107 631 295) and the detail of this amount is contained in Note 12 and Appendix A.

Greater Tzaneen Municipality Accounting Officer's Report

Consolidated Financial Statements for the year ended 30 June 2016

2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

3. Subsequent events

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

4. Election of Councilors

The election of councilors took place during August 2016 and a detailed list of councilors and political management is available at the municipality for inspection.

The new Board of Directors at Greater Tzaneen Economic Development Agency (Pty) Ltd was appointed with effect from 01 July 2016.

5. Accounting Officer

The accounting officer of the municipality at the date of this report is as follows:

Name	Selemo Republic Monakedi
Nationality	South African

6. Controlling entity

The municipality's controlling entity is Greater Tzaneen Municipality.

7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015	2015
		Economic entity	Economic entity	Controlling entity

Assets				
Current Assets				
Inventories	3	16 143 576	17 368 355	17 368 355
Other financial assets	4	2 145 732	1 483 913	1 483 913
Operating lease asset	5.2	96 890	117 080	117 080
Receivables from exchange transactions	6	183 289 360	160 861 228	183 252 042
Receivables from non-exchange transactions	5.1	45 153 383	23 132 759	45 153 383
Consumer debtors	7	117 092 212	115 629 701	117 092 212
Cash and cash equivalents	8	55 477 361	28 404 636	54 369 420
Non-Current Assets				
Investment property	9	194 099 000	188 545 000	194 099 000
Property, plant and equipment	10	1 585 825 155	1 660 046 200	1 585 759 695
Intangible assets	11	602 790	881 355	581 125
Other financial assets	4	20 939 720	7 557 365	20 939 720
Total Assets		2 220 865 179	2 204 027 592	2 219 632 795
Liabilities				
Current Liabilities				
Other financial liabilities	12	27 864 801	13 122 036	27 864 801
Finance lease obligation	13	253 825	576 879	253 825
Payables from exchange transactions	14	152 684 467	146 797 352	152 214 461
VAT payable	15	31 557 124	30 758 694	29 844 327
Consumer deposits	16	23 146 904	21 032 333	23 146 904
Unspent conditional grants and receipts	17	19 434 127	60 435 514	19 434 127
Provisions	18	688 535	2 488 580	688 535
Non-Current Liabilities				
Other financial liabilities	12	127 626 647	94 509 259	127 626 647
Finance lease obligation	13	-	253 826	-
Employee benefit obligation	19	85 763 760	76 324 822	85 763 760
Provisions	18	3 823 570	3 475 973	3 823 570
Total Liabilities		472 843 760	449 775 268	470 660 957
Net Assets		1 748 021 419	1 754 252 324	1 748 971 838
Accumulated surplus		1 748 021 419	1 754 252 324	1 748 971 838

See Note 60

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

	Controlling entity	Economic entity	2015	2016	Note(s)	Figures in Rand
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Revenue						
Revenue from exchange transactions						
Service charges	406 980 708	406 980 708	450 104 468	450 104 468	20	
Rental of facilities and equipment	1 188 589	1 188 589	1 333 677	1 333 677		
Interest received (trading)	12 057 486	12 090 607	12 312 153	12 312 153	53	
Agency services	7 205 556	7 205 556	8 004 170	8 004 170		
Licences and permits	711 014	711 014	721 783	721 783		
Other income	38 109 743	38 111 037	33 834 159	33 834 159	21	
Interest received - investment	2 381 124	2 381 124	6 850 014	6 850 014	53	
Total revenue from exchange transactions	468 634 220	468 668 635	513 221 137	513 221 137		
Revenue from non-exchange transactions						
Taxation revenue	74 098 025	74 098 025	74 146 340	74 146 340	22	
Property rates						
Property rates - penalties imposed	5 368 139	5 368 139	5 186 759	5 186 759	22	
Transfer revenue	331 007 220	333 638 799	456 451 570	455 672 617	23	
Government grants & subsidies						
Fines	39 119 913	39 119 913	35 496 947	35 496 947	54	
Total revenue from non-exchange transactions	449 593 297	452 224 876	571 281 616	570 502 663		
Total revenue	918 227 517	920 893 511	1 084 442 040	1 083 723 800	25	
Expenditure						
Employee related costs	244 948 966	248 180 434	258 534 208	261 187 728	26	
Remuneration of councillors	20 078 193	20 078 193	21 089 938	21 089 938	27	
Administration	-	462 520	-	625 238		
Loss on inventory	98 966	98 966	-	-		
Depreciation and amortisation	118 235 617	118 322 862	121 079 953	121 133 963	57	
Impairment of assets	1 906 738	1 906 738	35 542 607	35 542 607	29	
Finance costs	10 485 721	10 485 721	11 035 121	11 035 121	30	
Lease rentals on operating lease	-	265 981	-	323 137		
Debt impairment	35 787 880	35 787 880	63 863 738	63 863 738	58	
Collection costs	358 549	358 549	2 151 410	2 151 410		
Repairs and maintenance	31 331 658	31 431 051	25 110 559	25 227 807	31	
Bulk purchases	267 856 116	267 856 116	301 974 600	301 974 600	32	
Contracted services	39 993 887	39 993 887	38 524 348	38 524 348	33	
Grants and subsidies paid	34 272 086	34 272 086	130 745 851	130 745 851	34	
General expenses	77 529 593	76 840 488	79 308 082	74 697 088	35	
Total expenditure	882 883 970	886 341 472	1 088 960 415	1 088 122 574		

* See Note 60

Greater Tzaneen Municipality
 Consolidated Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015	2016	2015
		Economic entity	Restated*	Controlling entity	Restated*
Operating (deficit) surplus		(4 398 774)	34 552 039	(4 518 375)	35 343 547
Loss on disposal of assets	55	(589 023)	(1 753 066)	(589 023)	(1 753 066)
Fair value adjustments	52	(1 146 000)	(335 000)	(1 146 000)	(335 000)
(Deficit) surplus for the year		(1 735 023)	(2 088 066)	(1 735 023)	(2 088 066)
		(6 133 797)	32 463 973	(6 253 398)	33 255 481

* See Note 60

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

	Notes	Accumulated surplus	Total net assets
Figures in Rand			
Economic entity			
Opening balance as previously reported		1 746 116 264	1 746 116 264
Adjustments			
Correction of prior period errors	60	(24 327 913)	(24 327 913)
Balance at 01 July 2014 as restated*		1 721 788 351	1 721 788 351
Changes in net assets			
Surplus for the year		32 463 973	32 463 973
Total changes			
Opening balance as previously reported		1 772 260 544	1 772 260 544
Adjustments			
Correction of prior period errors	60	(18 105 328)	(18 105 328)
Restated* Balance at 01 July 2015 as restated*		1 754 155 216	1 754 155 216
Changes in net assets			
Surplus for the year		(6 133 797)	(6 133 797)
Total changes			
Opening balance as previously reported		1 748 021 419	1 748 021 419
Balance at 30 June 2016		1 748 021 419	1 748 021 419
Controlling entity			
Opening balance as previously reported		1 746 297 668	1 746 297 668
Adjustments			
Correction of prior period errors	60	(24 327 913)	(24 327 913)
Balance at 01 July 2014 as restated*		1 721 969 755	1 721 969 755
Changes in net assets			
Surplus for the year		33 255 481	33 255 481
Total changes			
Opening balance as previously reported		1 773 960 053	1 773 960 053
Adjustments			
Correction of prior period errors	60	(18 734 817)	(18 734 817)
Restated* Balance at 01 July 2015 as restated*		1 755 225 236	1 755 225 236
Changes in net assets			
Surplus for the year		(6 253 398)	(6 253 398)
Total changes			
Opening balance as previously reported		1 748 971 838	1 748 971 838
Balance at 30 June 2016		1 748 971 838	1 748 971 838

* See Note 60

Greater Tzaneen Municipality
 Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Fair value adjustments	-	-	-	(1 146 000)	(1 146 000)	
Gain (Loss) on disposal of assets	2 300 000	-	2 300 000	-	(2 300 000)	
Deficit before taxation	2 300 000	-	2 300 000	(1 735 023)	(4 035 023)	
Actual Amount on Comparable Basis as Presented in the Comparative Statement	79 590 216	24 271 872	103 862 088	(6 091 798)	(109 953 886)	
Actual Amount on Comparable Basis as Presented in the Comparative Statement	79 590 216	24 271 872	103 862 088	(6 091 798)	(109 953 886)	

Greater Taneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position - Economic Entity

Assets					
Current Assets					
Inventories	18 127 132	-	18 127 132	16 143 576	(1 983 556)
Other financial assets	1 587 787	-	1 587 787	2 145 732	557 945
Finance lease asset	113 568	-	113 568	96 890	(16 678)
Receivables from exchange transactions	2 578 540	-	2 578 540	183 289 360	180 710 820
Receivables from non-exchange transactions	181 377 620	-	181 377 620	45 153 383	(136 224 237)
Consumer debtors	89 460 709	-	89 460 709	117 092 212	27 631 503
Cash and cash equivalents	12 342 983	5 820 812	18 163 795	55 477 361	37 313 566
305 588 339	5 820 812	311 409 151	419 398 514	107 989 363	
Non-Current Assets					
Investment property	180 377 000	-	180 377 000	194 099 000	13 722 000
Property, plant and equipment	1 845 446 516	85 571 872	1 931 018 388	1 585 825 155	(345 193 233)
Intangible assets	68 056	-	68 056	602 790	534 734
Other financial assets	10 032 374	-	10 032 374	20 939 720	10 907 346
2 035 923 946	85 571 872	2 121 496 818	1 801 466 665	(320 029 153)	
Total Assets					
2 341 512 285	91 392 684	2 432 904 969	2 220 865 179	(212 039 790)	
Liabilities					
Current Liabilities					
Other financial liabilities	14 552 662	-	14 552 662	27 864 801	13 312 139
Finance lease obligation	-	-	-	253 825	253 825
Payables from exchange transactions	155 555 801	-	155 555 801	152 684 467	(2 871 334)
VAT payable	29 321 471	-	29 321 471	31 557 124	2 235 653
Consumer deposits	20 636 179	-	20 636 179	23 146 904	2 510 725
Unspent conditional grants and receipts	15 000 000	-	15 000 000	19 434 127	4 434 127
Provisions	2 937 850	-	2 937 850	688 535	(2 249 315)
238 003 963	-	238 003 963	255 629 783	17 625 820	
Non-Current Liabilities					
Other financial liabilities	79 857 075	30 000 000	109 857 075	127 626 647	17 769 572
Employee benefit obligation	71 667 528	-	71 667 528	85 763 760	14 096 232
Provisions	3 550 548	-	3 550 548	3 823 570	273 022
155 075 151	30 000 000	185 075 151	217 213 977	32 138 826	
Total Liabilities					
393 079 114	30 000 000	423 079 114	472 843 760	49 764 646	
Net Assets					
1 948 433 171	61 392 684	2 009 825 855	1 748 021 419	(261 804 436)	

Greater Tzaneen Municipality
 Consolidated Financial Statements for the year ended 30 June 2016
Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis				
Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
				Reference
Figures in Rand				
Net Assets				
Net Assets Attributable to Owners of Controlling Entity				
Reserves				
1 948 433 171	61 392 684	2 009 825 855	1 748 021 419	(261 804 436)
Accumulated surplus				

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Cash Flow Statement - Economic Entity

Cash flows from operating activities

Receipts	56 595 783	-	56 595 783	64 262 938	7 667 155
Taxation	454 780 030	-	454 780 030	497 073 165	42 293 135
Sale of goods and services	419 280 000	-	419 280 000	428 926 506	9 646 506
Grants	6 960 700	-	6 960 700	6 850 014	(110 686)
Interest income	937 616 513	-	937 616 513	997 112 623	59 496 110
Payments	(273 288 234)	-	(273 288 234)	(272 844 122)	444 112
Employee costs	(530 742 518)	(28 057 097)	(558 799 615)	(630 412 720)	(71 613 105)
Suppliers	(9 177 237)	(2 400 000)	(11 577 237)	(10 704 593)	872 644
Finance costs	(813 207 989)	(30 457 097)	(843 665 086)	(913 961 435)	(70 296 349)
Net cash flows from operating activities	124 408 524	(30 457 097)	(93 951 427)	83 151 188	(10 800 239)
Additions to property, plant and equipment	(122 812 469)	(30 000 000)	(152 812 469)	(175 880 774)	(23 068 305)
Proceeds from sale of property, plant and equipment	2 300 000	-	2 300 000	-	(2 300 000)
Transfer of property, plant and equipment	-	-	-	94 136 381	94 136 381
Additions to investment property	-	-	-	(6 700 000)	(6 700 000)
Additions to intangible assets	-	-	-	(542 641)	(542 641)
Additions to other financial assets	-	-	-	(14 044 174)	(14 044 174)
Net cash flows from investing activities	(120 512 469)	(30 000 000)	(150 512 469)	(103 031 208)	47 481 261
Repayment of other financial liabilities	(14 552 662)	61 300 000	46 747 338	47 860 153	1 112 815
Finance lease payments	-	-	-	(907 408)	(907 408)
Net cash flows from financing activities	(14 552 662)	61 300 000	46 747 338	46 952 745	205 407
Net increase/(decrease) in cash and cash equivalents	(10 656 607)	842 903	(9 813 704)	27 072 725	36 886 429
Cash and cash equivalents at the beginning of the year	23 000 000	4 977 499	27 977 499	28 404 636	427 137
Cash and cash equivalents at the end of the year	12 343 393	5 820 402	18 163 795	55 477 361	37 313 566

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Controlling entity

Statement of Financial Performance - Controlling Entity

Revenue					
Revenue from exchange transactions					
483 425 954	-	483 425 954	450 104 468	(33 321 486)	Note 51
Service charges					
Rental of facilities and equipment		959 100	1 333 677	374 577	Note 51
Interest received (trading)		1 400 000	12 312 153	912 153	Note 51
Agency services		43 192 708	8 004 170	(35 188 538)	Note 51
Licences and permits		647 138	721 783	74 645	Note 51
Other income		6 030 496	33 834 159	27 803 663	Note 51
Interest received - investment		1 801 000	6 850 014	5 049 014	Note 51
Total revenue from exchange transactions	547 456 396	547 456 396	513 160 424	(34 295 972)	
Revenue from non-exchange transactions					
61 583 274	-	61 583 274	74 146 340	12 563 066	Note 51
Property rates					
Property rates - penalties imposed		5 000 000	5 186 759	186 759	Note 51
Taxation revenue	61 583 274	61 583 274	74 146 340	12 563 066	
419 280 000	56 624 519	475 904 519	456 451 570	(19 452 949)	Note 51
Government grants					
Fines		3 705 136	35 496 947	31 791 811	Note 51
Total revenue from non-exchange transactions	489 568 410	56 624 519	546 192 929	25 088 687	
Total revenue	1 037 024 806	56 624 519	1 093 649 325	1 084 442 040	(9 207 285)
Expenditure					
(269 728 265)	-	(269 728 265)	(258 534 208)	11 194 057	Note 51
Employee cost					
Remuneration of councillors		(21 852 856)	(21 089 938)	762 918	Note 51
Depreciation and amortisation		(123 228 464)	(121 079 953)	2 148 511	Note 51
Impairment loss/ Reversal of impairments		-	(35 542 607)	(35 542 607)	Note 51
Finance costs		(9 155 937)	(11 035 121)	(1 879 184)	Note 51
Bad debts impaired		(20 583 459)	(63 863 738)	(43 280 279)	Note 51
Collection costs		(200 000)	(2 151 410)	(1 951 410)	Note 51
Repairs and maintenance		(23 794 681)	(25 110 559)	(1 611 781)	Note 51
Bulk purchases		(307 100 624)	(301 974 600)	5 126 024	Note 51
Contracted Services		1 250 000	(42 208 872)	3 684 524	Note 51
Grants and subsidies paid		(42 061 499)	(130 745 851)	(56 331 705)	Note 51
General Expenses		(98 569 933)	(79 308 082)	20 807 754	Note 51
Total expenditure	(959 734 590)	(32 352 647)	(992 087 237)	(96 873 178)	
Operating deficit	77 290 216	24 271 872	101 562 088	(4 518 375)	(106 080 463)
Gain (Loss) on disposal of assets		2 300 000	(589 023)	(2 889 023)	
Fair value adjustments		-	(1 146 000)	(1 146 000)	
2 300 000	-	-	2 300 000	(1 735 023)	(4 035 023)

Greater Tzaneen Municipality
 Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis					
Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
79 590 216	24 271 872	103 862 088	(6 253 398)	(110 115 486)	
Deficit before taxation					
79 590 216	24 271 872	103 862 088	(6 253 398)	(110 115 486)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement					
79 590 216	24 271 872	103 862 088	(6 253 398)	(110 115 486)	

Figures in Rand

Greater Taneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis				
Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
				Reference

Statement of Financial Position - Controlling entity

Assets				
Current Assets				
Inventories	18 127 132	-	18 127 132	(1 983 556) Note 51
Other financial assets	1 587 787	-	1 587 787	557 945 Note 51
Operating lease asset	113 568	-	113 568	(16 678) Note 51
Receivables from exchange transactions	181 377 620	-	181 377 620	1 874 422 Note 51
Receivables from non-exchange transactions	2 578 540	-	2 578 540	42 574 843 Note 51
Consumer debtors	89 460 709	-	89 460 709	27 631 503 Note 51
Cash and cash equivalents	12 342 983	5 820 812	18 163 795	36 205 625 Note 51
305 588 339	5 820 812	311 409 151	418 253 255	106 844 104
Non-Current Assets				
Investment property	180 377 000	-	180 377 000	13 722 000 Note 51
Property, plant and equipment	1 845 446 416	85 571 872	1 931 018 288	(345 258 593) Note 51
Intangible assets	68 056	-	68 056	513 069 Note 51
Other financial assets	10 032 374	-	10 032 374	10 907 346 Note 51
2 035 923 846	85 571 872	2 121 495 718	1 801 379 540	(320 116 178)
Total Assets				
2 341 512 185	91 392 684	2 432 904 869	2 219 632 795	(213 272 074)
Liabilities				
Current Liabilities				
Other financial liabilities	14 552 662	-	14 552 662	13 312 139 Note 51
Finance lease obligation	-	-	-	253 825 Note 51
Payables from exchange transactions	155 555 801	-	155 555 801	(3 341 340) Note 51
VAT payable	29 321 471	-	29 321 471	522 856 Note 51
Consumer deposits	20 636 179	-	20 636 179	2 510 725 Note 51
Unspent conditional grants and receipts	15 000 000	-	15 000 000	4 434 127 Note 51
Provisions	2 937 850	-	2 937 850	(2 249 315) Note 51
238 003 963	-	238 003 963	253 446 980	15 443 017
Non-Current Liabilities				
Other financial liabilities	79 857 075	30 000 000	109 857 075	17 769 572 Note 51
Employee benefit obligation	71 667 528	-	71 667 528	14 096 232 Note 51
Provisions	3 550 548	-	3 550 548	273 022 Note 51
155 075 151	30 000 000	185 075 151	217 213 977	32 138 826
Total Liabilities				
393 079 114	30 000 000	423 079 114	470 660 957	47 581 843
Net Assets				
1 948 433 071	61 392 684	2 009 825 755	1 748 971 838	(260 853 917)

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Cash Flow Statement - Controlling entity

Cash flows from operating activities

Receipts					
Taxation revenue	56 595 783	-	56 595 783	64 262 938	7 667 155
Sale of goods and services	454 780 030	-	454 780 030	497 044 910	42 264 880
Grants	419 280 000	-	419 280 000	428 926 506	9 646 506
Interest income	6 960 700	-	6 960 700	6 850 014	(110 686)
Payments					
Employee costs	(269 728 265)	-	(269 728 265)	(270 185 208)	(456 943)
Suppliers	(534 323 787)	(28 057 097)	(562 380 884)	(633 724 182)	(71 343 298)
Finance costs	(9 155 937)	(2 400 000)	(11 555 937)	(10 704 593)	851 344
Net cash flows from operating activities	(813 207 989)	(30 457 097)	(843 665 086)	(914 613 983)	(70 948 897)
Net cash flows from operating activities	124 408 524	(30 457 097)	93 951 427	82 470 385	(11 481 042)

Cash flows from investing activities

Additions to property, plant and equipment	(122 812 469)	(30 000 000)	(152 812 469)	(175 880 774)	(23 068 305)
Transfers from Work in Progress	-	-	-	94 136 381	94 136 381
Proceeds on disposal of property, plant and equipment	2 300 000	-	2 300 000	-	(2 300 000)
Additions to investment property	-	-	-	(6 700 000)	(6 700 000)
Additions to intangible assets	-	-	-	(542 641)	(542 641)
Additions to other financial assets	-	-	-	(14 044 174)	(14 044 174)
Net cash flows from investing activities	(120 512 469)	(30 000 000)	(150 512 469)	(103 031 208)	47 481 261

Cash flows from financing activities

Net movement on other financial liabilities	(14 552 662)	61 300 000	46 747 338	47 860 153	1 112 815
Finance lease payments	-	-	-	(907 408)	(907 408)
Net cash flows from financing activities	(14 552 662)	61 300 000	46 747 338	46 952 745	205 407
Net increase/(decrease) in cash and cash equivalents	(10 656 607)	842 903	(9 813 704)	26 391 922	36 205 626
Cash and cash equivalents at the beginning of the year	23 000 000	4 977 498	27 977 498	27 977 498	-
Cash and cash equivalents at the end of the year	12 343 393	5 820 401	18 163 794	54 369 420	36 205 626

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

1. Basis of preparation

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

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

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

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

These accounting policies are consistent with the previous period, unless explicitly stated otherwise.

1.1 Presentation currency

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

1.2 Rounding

All financial figures have been rounded off to the nearest Rand.

1.3 Going concern assumption

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

1.4 Consolidation

Basis of consolidation

Consolidated consolidated financial statements are the financial statements of the economic entity presented as those of a single entity.

The consolidated consolidated financial statements incorporate the financial statements of the controlling entity and all controlled entity, which are controlled by the controlling entity.

Consolidated consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The revenue and expenses of a controlled entity are included in the consolidated consolidated financial statements from the transfer date or acquisition date as defined in the Standards of GRAP on Transfer of functions between entities under common control or Transfer of functions between entities not under common control. The revenue and expenses of the controlled entity are based on the values of the assets and liabilities recognised in the controlling entity's consolidated financial statements at the acquisition date.

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

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

1.4 Consolidation (continued)

When the end of the reporting dates of the controlling entity is different from that of a controlled entity, the controlled entity prepares, for consolidation purposes, additional consolidated financial statements as of the same date as the consolidated financial statements of the controlling entity unless it is impracticable to do so. When the consolidated financial statements of a controlled entity used in the preparation of consolidated financial statements are prepared as of a date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the controlling entity's consolidated financial statements. In any case, the difference between the end of the reporting date of the controlled entity and that of the controlling entity is no more than three months. The length of the reporting periods and any difference between the ends of the reporting dates is the same from period to period.

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

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

Non-controlling interest in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets.

Changes in a controlling entity's ownership interest in a controlled entity that do not result in a loss of control are accounted for as transactions that affect net assets.

1.5 Significant judgements and sources of estimation uncertainty

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

Trade receivables and loans and receivables

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

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

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

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

Subsequent to initial measurement, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date, determined by the external valuator.

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as inflation interest and economic conditions.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

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

Allowance for doubtful debts

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

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes. Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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

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

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

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

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

1.7 Property, plant and equipment

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Derecognition

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is assumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

The fair value of investment property reflects market conditions at the reporting date.

Subsequent to initial measurement investment property is measured at fair value.

Fair value

1.6 Investment property (continued)

Notes to the Consolidated Financial Statements: Accounting Policies

Notes to the Consolidated Financial Statements: Accounting Policies

1.7 Property, plant and equipment (continued)

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	7
Office equipment	Straight line	3
IT equipment	Straight line	3
Infrastructure	Straight line	10-30
Roads and paving		20
Pedestrian malls		10-30
Electricity		15-20
Water		15-20
Sewerage		30
Housing		30
Community		30
Improvements	Straight line	30
Recreational facilities		20
Security		3-5
Other assets	Straight line	30
Buildings		20
Specialist vehicles		5-7
Other vehicles		3-5
Office equipment		7-10
Furniture and fittings		15
Watercraft		5-10
Bins and containers		5-15
Specialised plant and equipment		5
Other items of plant and equipment		

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

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

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

Derecognition

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

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

Notes to the Consolidated Financial Statements: Accounting Policies

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Item	Useful life
Computer software	3 - 5 years
Website development	5 years

Derecognition

Intangible assets are derecognised:

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

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

1.9 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Notes to the Consolidated Financial Statements: Accounting Policies

1.9 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

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

Class	Consumer debtors Receivables from exchange transactions Cash and cash equivalents Other financial assets
Category	Financial asset measured at amortised cost Financial asset measured at amortised cost Financial asset measured at fair value

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

Class	Other financial liabilities Finance lease obligation Payables from exchange transactions Consumer deposits
Category	Financial liability measured at amortised cost Financial liability measured at amortised cost Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

1.9 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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1.9 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

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

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

Current tax assets and liabilities

1.10 Tax

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on holders of residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Presentation

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Financial liabilities

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

1.9 Financial instruments (continued)

Notes to the Consolidated Financial Statements: Accounting Policies

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
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1.10 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.11 Leases

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

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

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

Notes to the Consolidated Financial Statements: Accounting Policies

1.11 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.12 Inventories

Inventories consist of work in progress, consumables and finished goods. Inventory is measured at lower of cost, and net realisable value or current replacement cost. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at cost.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow moving inventories are identified and written down with regard to their cost. Consumables are written down according to their age, condition and utility.

Stands available for sale during the next 12 months are recognised as inventory.

1.13 Impairment of cash-generating assets

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

Identification

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

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

Value in use

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

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

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
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1.13 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

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

Composition of estimates of future cash flows

- Estimates of future cash flows include:
 - projections of cash inflows from the continuing use of the asset;
 - projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
 - net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.
 - Estimates of future cash flows exclude:
 - cash inflows or outflows from financing activities; and
 - income tax receipts or payments.
- The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the economic entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

- the future cash inflows used to determine the assets' or cash-generating units' value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

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

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

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Taneen Municipality
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1.13 Impairment of cash-generating assets (continued)

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

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

Identification

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

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This replacement cost of the asset is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Notes to the Consolidated Financial Statements: Accounting Policies

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Share capital / contributed capital

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

1.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service;
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

Notes to the Consolidated Financial Statements: Accounting Policies

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1.16 Employee benefits (continued)

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The economic entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Notes to the Consolidated Financial Statements: Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly; plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit-years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Notes to the Consolidated Financial Statements: Accounting Policies

1.16 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

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

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

1.18 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

Rendering of services

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

Revenue arising from application of the approved tariff of changes in recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.

Service charges relating to solid waste, sanitation and sewerage are levied monthly in terms of the approved tariffs.

Notes to the Consolidated Financial Statements: Accounting Policies

1.19 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

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

1.20 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

1.20 Revenue from non-exchange transactions (continued)

Transfers

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

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

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

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.21 Borrowing costs

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

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

1.22 Comparative figures

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

1.23 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Fruitless and wasteful expenditure

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

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

Notes to the Consolidated Financial Statements: Accounting Policies

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Departmental information

A departmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendixes C and D. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board. Departmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.27 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar. General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives. The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

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

Comparative information is not required.

1.28 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the economic entity.

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

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the municipality conditions or obligations have not been met a liability is recognised. The liability is transferred to revenue as and when the conditions attached to the grants are met. Grants without any conditions attached are recognised as revenue when the assets recognised.

1.31 Conditional grants and receipts

The municipality accounts for VAT on the payment basis. Output VAT is only payable as and when the purchase consideration is received and input tax can be claimed as and when payments are made.

1.30 VAT

Notes to the Consolidated Financial Statements: Accounting Policies

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2016 or later periods but are not relevant to its operations:

GRAP 20: Related party disclosures

The objective of this standard is to ensure that a reporting entity's consolidated financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual consolidated financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity;
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard further states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;

Notes to the Consolidated Financial Statements

2. New standards and interpretations (continued)

- Related party transactions; and
- Remuneration of management

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

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

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

GRAP 32: Service Concession Arrangements: Grantor

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

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

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

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

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

GRAP 108: Statutory Receivables

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

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

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

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

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

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements. A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

Notes to the Consolidated Financial Statements

Greater Tzaneen Municipality
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2. New standards and interpretations (continued)

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

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

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

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

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

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

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

Notes to the Consolidated Financial Statements

Greater Taneen Municipality

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2. New standards and interpretations (continued)

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below:

General definitions:

The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets:

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or a significant decline in the potential of an asset.

Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The proposed effective date of the standard is for years beginning on or after 01 April 2017.

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

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

GRAP 26 (as amended 2015): Impairment of cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

Notes to the Consolidated Financial Statements

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

2. New standards and interpretations (continued)

The changes to the Standard of GRAP on Impairment of Cash-generating Assets are outlined below:

General definitions:

The definitions of cash-generating assets and cash-generating unit have been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets below.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Disclosures:

The requirement to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets and cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

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

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

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

3. Inventories

Consumable stores	9 873 576	10 618 355	9 873 576	10 618 355
Stands	6 270 000	6 750 000	6 270 000	6 750 000
	16 143 576	17 368 355	16 143 576	17 368 355

The carrying value of consumable stores is disclosed at cost while the carrying value of stands is disclosed at net realisable value.

4. Other financial assets

At amortised cost	2 145 732	1 483 913	2 145 732	1 483 913
Stand sale arrangements - listed	20 939 720	7 557 365	20 939 720	7 557 365
	23 085 452	9 041 278	23 085 452	9 041 278

Non-current assets

At amortised cost	20 939 720	7 557 365	20 939 720	7 557 365
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Current assets

At amortised cost	2 145 732	1 483 913	2 145 732	1 483 913
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Financial assets at amortised cost

Council's valuation of listed investments

Liberty	8 941 855	7 557 365	8 941 855	7 557 365
Standard Bank	1 997 865	-	1 997 865	-
	20 939 720	7 557 365	20 939 720	7 557 365

Reconciliation of stand sale arrangements

Stand sale agreements	2 145 732	1 483 913	2 145 732	1 483 913
Less: Current portion	(2 145 732)	(1 483 913)	(2 145 732)	(1 483 913)
	-	-	-	-

Non-current portion of stand sale arrangements

Fair value of investments are at book value as at 30 June 2016.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above.

Fixed deposits of R 8 941 855 and R 1 997 865 have been made with Liberty and Standard Bank of South Africa respectively to repay loans of R 15 000 000 and R 30 000 000 on maturity date.

Notes to the Consolidated Financial Statements

Greater Tzaneen Municipality
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Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

4. Other financial assets (continued)

Financial assets at amortised cost impaired

Reconciliation of provision for impairment of financial assets at amortised cost

	2016	2015	2016	2015
Debtor arrangements	-	885 134	-	885 134
Opening balance	-	(885 134)	-	(885 134)
Transfer to other receivables	-	-	-	-
	-	-	-	-

No provision for impairment of debtors arrangement has been made during the 2015/2016 financial year. An amount of R 885 134 has been impaired for the 2014/2015 financial year.

Loans to staff and the public
To comply with the requirements of the MFMA, no loan has been made after 1 March 2004.

Stand sale arrangements
As from 1 March 2004 no loan agreement has been entered into for the sale of stands. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

Arrangements were made to enable people to purchase stands from the Council. These arrangements are repayable within 60 days.

Debtor arrangements
Short-term debt repayment arrangements have been engaged in to during the 2015/2016 financial year to enable debtors to pay outstanding consumer accounts.

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2016	2015	2016	2015		
5. Receivables from non-exchange transactions						
5.1 Traffic fines						
Fines						
Reconciliation of traffic fines						
2016 fines	Balance at the beginning of the year 23 132 759	Issued 35 080 550	Less: Withdrawn (96 400)	Less: Fines received (4 546 992)	Less: Provision for Impairment (8 416 534)	Balance at the end of the year 45 153 383
2015 fines	Balance at the beginning of the year -	Issued 44 891 000	Less: Withdrawn (6 312 815)	Less: Fines received (5 260 805)	Less: Provision for impairment (10 184 621)	Balance at the end of the year 23 132 759
Reconciliation of provision for traffic fines						
Opening balance						
Provision for impairment						
		10 184 621				10 184 621
		8 416 534		10 184 621		8 416 534
		18 601 155		10 184 621		18 601 155

Receivables from non-exchange transactions

The Accounting Standard Board amended IGRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non-exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non-payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

Fine revenue of all fines issued during the current year amounted to R 34 984 150 (2015: R 38 578 185). The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amounts.

Notes to the Consolidated Financial Statements

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Figures in Rand	2016	2015	2016	2015
Economic entity				
Controlling entity				
	2016	2015	2016	2015

5. Receivables from non-exchange transactions (continued)

Credit quality of receivables from non-exchange transactions

Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with established practices and legislation.

The municipality's historical experience in collection of traffic fines falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables from non-exchange transactions.

5.2. Operating lease asset (accrual)

Current assets

Municipality as lessor: Future minimum lease repayments receivable	76 865	69 882	76 865	69 882
Less than one year	183 764	215 811	183 764	215 811
Between one year and five year	165 822	210 640	165 822	210 640
More than five years				
426 451	496 333	426 451	496 333	

Operating leases relate to property owned by the municipality with lease terms of between one (1) and twenty (20) years, with an option to extend the lease. The lessee does not have an option to purchase the property at the expiry of the lease period. The properties are maintained by the tenant, at their cost. No investment property has been disposed of since the date of the financial statements.

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

- Municipal buildings
- Vacant land

No restrictions have been imposed on the municipality in terms of the operating lease agreements

6. Receivables from exchange transactions

Trade debtors	173 827 495	148 879 305	173 827 495	148 879 305
Prepayments	7 440 868	7 675 588	7 440 868	7 675 588
Rental deposits	3 386	3 386	-	-
Land deposit	340 004	-	340 004	-
Other receivables	24 732 377	21 748 279	24 732 377	21 748 279
Leave pay receivables	33 932	-	-	-
Bursary loans	467 071	539 331	467 071	539 331
206 845 133	178 845 889	206 807 815	178 842 503	
Provisions for impairment of receivables	(23 555 773)	(17 984 661)	(23 555 773)	(17 984 661)
	183 289 360	160 861 228	183 289 360	160 861 228

Reconciliation of provision for impairment of trade and other receivables

Opening balance	17 984 661	13 880 674	17 984 661	13 880 674
Provision for impairment	5 571 112	4 451 570	5 571 112	4 451 570
Amounts written off as uncollectible	-	(1 232 717)	-	(1 232 717)
Unused amounts reversed	-	885 134	-	885 134
	23 555 773	17 984 661	23 555 773	17 984 661

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	Controlling entity
			Economic entity

6. Receivables from exchange transactions (continued)

Credit quality of receivables from exchange transactions

Trade and other debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

7. Consumer debtors

Gross balances

Rates
Electricity
Refuse

112 049 061	324 325 388	278 686 574	324 325 388
161 876 524	161 876 524	137 497 869	161 876 524
50 399 803	50 399 803	44 209 805	50 399 803

Less: Allowance for impairment

Rates
Electricity
Refuse

(95 439 974)	(163 056 873)	(77 894 143)	(163 056 873)
(67 162 665)	(47 450 938)	(47 450 938)	(47 450 938)
(44 630 537)	(37 711 792)	(37 711 792)	(37 711 792)

Net balance

Rates
Electricity
Refuse

16 609 087	117 092 212	115 629 701	117 092 212
94 713 859	94 713 859	90 046 931	94 713 859
5 769 266	5 769 266	6 498 013	5 769 266

Included in above is receivables from exchange transactions

Electricity
Refuse

94 713 859	100 483 125	90 046 931	96 544 944
5 769 266	5 769 266	6 498 013	6 498 013
90 046 931	94 713 859	90 046 931	90 046 931

Included in above is receivables from non-exchange transactions (taxes and transfers)

Rates

16 609 087	117 092 212	115 629 701	117 092 212
19 084 757	19 084 757	19 084 757	19 084 757

Net balance

Rates: Ageing
Current (0 -30 days)
31 - 60 days
61 - 90 days
91 - 120 days
121 - 365 days

6 372 475	112 049 061	6 372 475	96 978 900
3 475 652	3 475 652	3 249 808	3 249 808
2 802 586	2 802 586	2 692 142	2 692 142
2 712 943	2 712 943	2 699 578	2 699 578
96 262 554	96 262 554	81 964 897	81 964 897

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	Controlling entity	2015
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7. Consumer debtors (continued)

Electricity: Ageing

Current (0 - 30 days)	71 373 805	50 189 140
31 - 60 days	9 222 798	7 922 319
61 - 90 days	4 794 641	4 294 646
91 - 120 days	3 406 481	8 807 605
121 - 365 days	73 078 799	66 284 159
Total	161 876 524	137 497 869

Refuse: Ageing

Current (0 - 30 days)	2 787 826	2 485 124
31 - 60 days	1 248 986	1 160 830
61 - 90 days	1 049 988	951 313
91 - 120 days	1 023 947	966 267
121 - 365 days	44 289 056	38 646 271
Total	50 399 803	44 209 805

Summary of debtors by customer classification

Residential property: Ageing

Current (0 - 30 days)	23 262 040	20 207 442
31 - 60 days	6 877 589	6 161 768
61 - 90 days	4 223 445	4 270 707
91 - 120 days	3 975 749	3 847 346
121 - 365 days	141 505 466	117 324 592
Total	179 844 289	151 811 855

Industrial and commercial: Ageing

Current (0 - 30 days)	52 032 851	35 058 495
31 - 60 days	4 670 459	5 273 513
61 - 90 days	3 181 516	3 031 460
91 - 120 days	2 475 393	7 810 368
121 - 365 days	66 800 727	64 696 917
Total	129 160 946	115 870 753

National and provincial government: Ageing

Current (0 - 30 days)	1 060 342	1 067 545
31 - 60 days	138 454	642 449
61 - 90 days	456 737	70 881
91 - 120 days	382 680	402 120
121 - 365 days	11 305 268	10 418 891
Total	13 343 481	12 601 886

Other: Ageing

Current (0 - 30 days)	4 601 722	2 713 255
31 - 60 days	2 260 934	2 260 934
61 - 90 days	785 518	565 053
91 - 120 days	309 550	413 615
121 - 365 days	(5 981 053)	(5 545 070)
Total	1 976 671	(1 597 920)

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	Controlling entity
			2015

7. Consumer debtors (continued)

Consumer debtors pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the municipality's large number of customers. The municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's consumer debtors.

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors

No security is held for any of the accounts receivable.

Consumer debtors impaired

As of 30 June 2016, consumer debtors of R 207 233 176 (2015: R 163 056 873) were impaired and provided for:

Indigent debtors to the amount of R 5 699 788 (2015: R 4 771 482) have been written off as uncollectible in the current year.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements.

Reconciliation of allowance for impairment of consumer debtors

	2016	2015	
Opening balance	163 056 873	146 676 666	163 056 873
Allowance for impairment	49 876 091	21 151 689	21 151 689
Amounts written off as uncollectible	(5 699 788)	(4 771 482)	(4 771 482)
	<u>207 233 176</u>	<u>163 056 873</u>	<u>207 233 176</u>
			<u>163 056 873</u>

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016	2015	
Cash on hand	7 758	7 085	7 758
Bank balances	55 467 332	28 161 816	55 467 332
Other cash and cash equivalents	2 271	235 735	2 271
	<u>55 477 361</u>	<u>28 404 636</u>	<u>55 477 361</u>
			<u>27 977 498</u>

No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

No restrictions exist regarding the use of cash.

Greater Taneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015
Economic entity	2016	2015
Controlling entity	2016	2015

8. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances	Cash book balances
	30 June 2016	30 June 2014

Consolidated cash book balance	-	-	23 822 041
ABSA BANK - Cheque account	-	-	-
number - 126 085 0527 Primary			
Bank Account	22 965 320	23 820 599	-
ABSA BANK - Cheque account	27 911 345	23 820 599	-
number - 404 896 4222			
ABSA BANK - Cheque account	317 479	1 442	-
number - 908 197 4990			
ABSA BANK - Cheque account	-	-	-
number - 405 144 4332			
ABSA BANK - Liquidity plus	8 228 881	-	-
number - 9312433930 (MIG)			
ABSA BANK - Liquidity plus	22 857 740	-	-
account - 9312434237 (INEP)			
Petty cash	7 758	8 894	8 894
ABSA Bank - short term	2 271	343 558	343 558
investments	1 097 912	203 495	203 495
ABSA Business Cheque			
Account 407 166 4582			
Total	55 477 361	24 377 988	24 377 988

The Municipality opened two bank accounts on 8 October 2015 to control for MIG and INEP surplus funds separately.

Credit quality of Cash and cash equivalents

The credit quality of cash and cash equivalents that are neither past due nor impaired can be assessed by reference to the municipality's going concern ratio's which include current ratio, debt ratio and net income to net sales ratio.

9. Investment property

Economic entity	2016	2015
Investment property	194 099 000	188 545 000
Cost / Valuation	-	-
Accumulated and depreciation	194 099 000	188 545 000
Carrying value	-	-
Valuation	194 099 000	188 545 000
Controlling entity	2016	2015
Investment property	194 099 000	188 545 000
Accumulated and depreciation	194 099 000	188 545 000
Carrying value	-	-
Valuation	194 099 000	188 545 000
Investment property	194 099 000	188 545 000

Notes to the Consolidated Financial Statements

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Figures in Rand		2016	2015	2016	2015
		Economic entity		Controlling entity	

9. Investment property (continued)

Reconciliation of investment property - Economic entity - 2016

Investment property	Opening balance	Additions	Change in valuation	Total
	188 545 000	6 700 000	(1 146 000)	194 099 000

Reconciliation of investment property - Economic entity - 2015

Investment property	Opening balance	Additions	Disposals	Total
	180 757 000	9 348 000	(1 560 000)	188 545 000

Reconciliation of investment property - Controlling entity - 2016

Investment property	Opening balance	Additions	Change in valuation	Total
	188 545 000	6 700 000	(1 146 000)	194 099 000

Reconciliation of investment property - Controlling entity - 2015

Investment property	Opening balance	Additions	Disposals	Total
	180 757 000	9 348 000	(1 560 000)	188 545 000

Pledged as security

No investment properties was pledged as security for liabilities.

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

Details of valuation

The Greater Tzaneen Municipal valuations is based on the valuation roll which is reviewed every four years. The last valuation roll came into effect on 1 July 2013. Supplementary valuations are issued and processed annually to take into account changes in individual property value due to alterations or subdivisions.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015
Economic entity	2016	2015
Controlling entity	2016	2015

10. Property, plant and equipment

Economic entity	2016			2015			
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	
Total	108 830 310	-	108 830 310	108 830 310	-	108 830 310	
	171 732	(110 844)	60 888	171 732	(85 524)	86 208	
	40 108	(37 098)	3 010	40 108	(32 166)	7 942	
	142 191	(140 629)	1 562	142 191	(136 380)	5 811	
	2 212 139 843	(898 512 854)	1 313 626 989	2 129 517 348	(751 595 683)	1 377 921 665	
	103 663 380	(22 561 144)	81 102 236	79 824 810	(20 132 665)	59 692 145	
	56 470 229	-	56 470 229	83 071 588	-	83 071 588	
	66 990 722	(44 599 702)	22 391 020	66 082 897	(39 701 730)	26 381 167	
	12 373 186	(9 034 275)	3 338 911	12 458 610	(8 409 246)	4 049 364	
	2 560 821 701	(974 996 546)	1 585 825 155	2 480 139 594	(820 093 394)	1 660 046 200	
Controlling entity	108 830 310	-	108 830 310	108 830 310	-	108 830 310	
	2 212 139 843	(898 512 854)	1 313 626 989	2 129 517 348	(751 595 683)	1 377 921 665	
	103 663 380	(22 561 144)	81 102 236	79 824 810	(20 132 665)	59 692 145	
	56 470 229	-	56 470 229	83 071 588	-	83 071 588	
	66 990 722	(44 599 702)	22 391 020	66 082 897	(39 701 730)	26 381 167	
	12 373 186	(9 034 275)	3 338 911	12 458 610	(8 409 246)	4 049 364	
	2 560 467 670	(974 707 975)	1 585 759 695	2 479 785 563	(819 839 324)	1 659 946 239	
	Land	108 830 310	-	108 830 310	108 830 310	-	108 830 310
	Infrastructure	2 212 139 843	(898 512 854)	1 313 626 989	2 129 517 348	(751 595 683)	1 377 921 665
	Community	103 663 380	(22 561 144)	81 102 236	79 824 810	(20 132 665)	59 692 145
Work in progress	56 470 229	-	56 470 229	83 071 588	-	83 071 588	
Other assets	66 990 722	(44 599 702)	22 391 020	66 082 897	(39 701 730)	26 381 167	
Leased assets	12 373 186	(9 034 275)	3 338 911	12 458 610	(8 409 246)	4 049 364	
Total	2 560 467 670	(974 707 975)	1 585 759 695	2 479 785 563	(819 839 324)	1 659 946 239	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	108 830 310	-	-	-	-	-	108 830 310
Furniture and fixtures	86 208	-	-	-	(25 320)	-	60 888
Office equipment	7 942	-	-	-	(4 932)	-	3 010
IT equipment	5 811	-	-	-	(4 249)	-	1 562
Infrastructure	1 377 921 665	82 622 494	-	-	(111 383 927)	(35 533 243)	1 313 626 989
Community	59 692 145	23 838 570	-	-	(2 428 479)	-	81 102 236
Work in progress	83 071 588	67 535 022	-	(94 136 381)	-	-	56 470 229
Other assets	26 381 167	1 884 688	(110 074)	-	(5 764 761)	-	22 391 020
Leased assets	4 049 364	-	-	-	(710 453)	-	3 338 911
	1 660 046 200	175 860 774	(110 074)	(94 136 381)	(120 322 121)	(35 533 243)	1 585 825 155

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

	Opening balance	Additions	Write-offs	Transfers	Depreciation	Impairment loss	Total
Land	108 830 310	-	-	-	-	-	108 830 310
Furniture and fixtures	110 741	-	-	-	(24 533)	-	86 208
Office equipment	15 954	-	-	-	(8 012)	-	7 942
IT equipment	36 343	1 980	-	-	(32 512)	-	5 811
Infrastructure	1 342 901 610	144 483 683	(105 336)	-	(107 451 554)	(1 906 738)	1 377 921 665
Community	61 849 510	-	-	-	(2 157 365)	-	59 692 145
Work in progress	112 096 535	111 695 112	-	(140 720 059)	-	-	83 071 588
Other assets	31 931 406	1 965 907	-	-	(7 516 146)	-	26 381 167
Leased assets	4 435 520	473 701	-	-	(859 857)	-	4 049 364
	1 662 207 929	258 620 383	(105 336)	(140 720 059)	(118 049 979)	(1 906 738)	1 660 046 200

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2016

	Opening balance	Additions	Write offs	Transfers from Work in Progress capitalised	Depreciation	Impairment loss	Total
Land	108 830 310	-	-	-	-	-	108 830 310
Infrastructure	1 377 921 665	82 622 494	-	-	(111 383 927)	(35 533 243)	1 313 626 989
Community	59 692 145	23 838 570	-	-	(2 428 479)	-	81 102 236
Work in progress	83 071 588	67 535 022	-	(94 136 381)	-	-	56 470 229
Other assets	26 381 167	1 884 688	(110 074)	-	(5 764 761)	-	22 391 020
Leased assets	4 049 364	-	-	-	(710 453)	-	3 338 911
	1 659 946 239	175 880 774	(110 074)	(94 136 381)	(120 287 620)	(35 533 243)	1 585 759 695

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

	Opening balance	Additions	Write offs	Transfers from Work in Progress capitalised	Depreciation	Impairment loss	Total
Land	108 830 310	-	-	-	-	-	108 830 310
Infrastructure	1 342 901 610	144 483 683	(105 336)	-	(107 451 554)	(1 906 738)	1 377 921 665
Community	61 849 510	-	-	-	(2 157 365)	-	59 692 145
Work in progress	112 096 535	111 695 112	-	(140 720 059)	-	-	83 071 588
Other assets	31 931 406	1 965 907	-	-	(7 516 146)	-	26 381 167
Leased assets	4 435 520	473 701	-	-	(859 857)	-	4 049 364
	1 662 044 891	258 618 403	(105 336)	(140 720 059)	(117 984 922)	(1 906 738)	1 659 946 239

Pledged as security

None of the property, plant and equipment has been pledged as security for any liabilities.

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015
Economic entity	2016	2015
Controlling entity	2016	2015

10. Property, plant and equipment (continued)

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

The prior period balances were restated for prior year errors. Refer to note 60 for detail.

A detailed breakdown of property plant and equipment by asset class can be found in Annexure "B"

11. Intangible assets

	Economic entity		Controlling entity	
	2016	2015	2016	2015
Cost/Valuation	Accumulated amortisation and impairment	Accumulated amortisation and impairment	Cost/Valuation	Accumulated amortisation and impairment
1 871 624	(1 269 259)	602 365	1 328 983	(454 385)
45 051	(44 626)	425	45 051	(38 294)
Total	1 916 675	(1 313 885)	602 790	1 374 034
				(492 679)
				881 355
Computer software	1 871 624	(1 269 259)	602 365	1 328 983
Website	45 051	(44 626)	425	45 051
				(38 294)
				(454 385)
				874 598
				6 757
				1 916 675
				(1 313 885)
				602 790
				1 374 034
				(492 679)
				881 355
Computer software	1 822 937	(1 241 812)	581 125	1 280 296
Website	6 757	-	-	-
				(6 332)
				(805 509)
				(9 365)
				(9 365)
				602 365
				425
				602 790
				(9 365)
				881 355
Computer software	874 598	542 641	542 641	(805 509)
Website	6 757	-	-	-
				(6 332)
				(811 841)
				(9 365)
				602 790
				(9 365)
				881 355
Computer software	874 598	203 828	934 640	(263 870)
Website	6 757	15 768	-	(9 011)
				(9 011)
				874 598
				6 757
				881 355
				(272 881)
				881 355
Computer software	840 181	542 641	(792 332)	(9 365)
Website	6 757	-	-	-
				(9 365)
				881 355
				(9 365)
				881 355

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

11. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	156 234	934 641	(250 694)	840 181

Pledged as security

No intangible assets have been pledged as security for any liability.

12. Other financial liabilities

	2016	2015	2016	2015
At amortised cost	36 050 211	36 566 940	20 862 705	24 222 191
Annuity loan - DBSA				
Annuity loan - ABSA				
Annuity loan - INCA				
Annuity loan - Standard Bank				
DBSA local registered loan stock	15 000 000	15 000 000	15 000 000	15 000 000
Loan Stock - Standard Bank	30 000 000	-	30 000 000	-
Annuity loan - DBSA	31 300 000	-	31 300 000	-
Total other financial liabilities	155 491 448	107 631 295	155 491 448	107 631 295
Non-current liabilities	127 626 647	94 509 259	127 626 647	94 509 259
At amortised cost				
Current liabilities	27 864 801	13 122 036	27 864 801	13 122 036
At amortised cost				

Annuity loan - Standard Bank

This loan has been split into two allocations of R21 011 000 and R13 281 000 and was taken up on 30 June 2012. These loans bear interest at rates of 11,8% and 10,96% respectively and will be fully redeemed on 30 June 2019 and 30 June 2017 respectively.

Annuity loan - ABSA

This loan has been split into two allocations of R25 140 000 and R9 640 000 and was taken up on 15 August 2010. These loans bear interest at rates of 10,62% and 6,75% respectively and will be fully redeemed on 31 July 2025 and 30 June 2016 respectively.

Annuity loan - DBSA

A loan of R41 000 000 of which R 35 010 350 has been allocated during the 2010 / 2011 financial year was taken up to finance capital projects. This loan bears interest at a rate of 6,75% per annum and will be fully redeemed on 31 October 2030.

Annuity loan - INCA

The loan has been taken up to finance the purchase of land. It bears interest at a rate of 12,5% per annum and will be fully redeemed on 31 December 2018.

Loan stock: DBSA (Excelsior 1 000 investment)

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	2015
	Economic entity	Controlling entity	2015

12. Other financial liabilities (continued)

An annual investment of R855 619 has been made with Liberty to repay a loan of R15 000 000 on maturity date. The loan bears interest at a variable rate and will be redeemed on 30 September 2019.

Annuity loan: DBSA

A loan of R 31 300 000 has been allocated to the municipality during May 2016 by DBSA. The loan bears interest at 9% and will be fully redeemed on 30 June 2018. The loan is in respect of the DBSA, INEP frontloading programme as proposed by the Department of Energy (DOE)

Loan Stock: Standard Bank

A loan of R 30 000 000 has been taken up to finance capital projects. The loan bears interest at a rate of 12.09 % per annum and will be redeemed on 16 October 2025.

Undrawn borrowings

There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2016.

None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.

The municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the financial liabilities were re-negotiated.

13. Finance lease obligation

	2016	2015	2015
	Economic entity	Controlling entity	2015
Minimum lease payments due	267 567	633 146	267 567
- within one year	-	267 567	-
- in second to fifth year inclusive	267 567	900 713	267 567
less: future finance charges	(13 742)	(70 008)	(70 008)
Present value of minimum lease payments	253 825	830 705	253 825
Present value of minimum lease payments due	253 825	576 879	253 825
- within one year	-	253 826	-
- in second to fifth year inclusive	253 825	576 879	253 826
Non-current liabilities	-	253 826	-
Current liabilities	253 825	576 879	576 879
253 825	830 705	253 825	830 705

The average lease term was 3 to 5 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and other escalate. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

The municipality did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated during the reporting period.

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Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

14. Payables from exchange transactions

Trade payables	81 153 653	86 157 122	81 153 655	86 157 121
Payments received in advanced	7 440 868	7 675 588	7 440 868	7 675 588
Staff leave	30 935 303	29 004 501	30 817 512	29 004 501
Retention	18 948 259	13 554 509	18 948 259	13 554 509
Accrued leave pay	132 330	171 654	-	-
Unknown direct deposits	5 518 063	2 431 771	5 518 063	2 431 771
Other payables	2 086 630	1 706 105	1 866 743	1 465 538
13th Cheque	6 469 361	6 096 102	6 469 361	6 096 102
152 684 467	146 797 352	152 214 461	146 385 130	

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. 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 carrying value of payables from exchange transactions approximate their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the municipality and the parties.

The Municipality did not default on any accounts payable in respect of capital or interest portions.

No terms attached to the accounts payable were re-negotiated.

15. VAT payable

Net VAT payable	31 557 124	30 758 694	29 844 327	29 626 345
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VAT is payable to SARS on the payments basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made.

16. Consumer deposits

Electricity	23 146 904	21 032 333	23 146 904	21 032 333
Guarantees held in lieu of electricity deposits	3 554 930	3 552 430	3 554 930	3 552 430

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding accounts.

Guarantees are given to business consumers on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the municipality can request the guarantee amounts from the consumers bank as payment for the outstanding accounts.

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17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2016	2015	2016	2015
Grants - other	19 434 127	60 435 514	19 434 127	60 435 514

Movement during the year

	2016	2015	2016	2015
Balance at the beginning of the year	60 435 514	44 079 480	60 435 514	44 079 480
Additions during the year	130 638 000	143 628 000	130 638 000	143 628 000
Income recognition during the year	(147 402 061)	(95 291 526)	(147 402 061)	(95 291 526)
Administration fee recognised during the year	(22 237 327)	(15 529 746)	(22 237 327)	(15 529 746)
Oversepending adjustment year	(1 999 999)	(16 450 694)	(1 999 999)	(16 450 694)
	<u>19 434 127</u>	<u>60 435 514</u>	<u>19 434 127</u>	<u>60 435 514</u>

Refer to note 23 for reconciliation of unspent conditional grants.

18. Provisions

Reconciliation of provisions - Controlling entity - 2016

	2016	2015	2016	2015
Opening Balance	3 475 973	347 597	3 475 973	347 597
Additions	-	-	-	-
Reductions	(1 800 045)	(1 800 045)	(1 800 045)	(1 800 045)
Total	<u>1 675 928</u>	<u>167 552</u>	<u>1 675 928</u>	<u>167 552</u>

Provision for rehabilitation of landfill site

Provision for performance bonuses

Reconciliation of provisions - Controlling entity - 2015

	2015	2014	2015	2014
Opening Balance	3 159 975	2 614 676	3 159 975	2 614 676
Additions	315 998	-	315 998	-
Reduction due to re-measurement or settlement without cost to entity	-	(126 096)	-	(126 096)
Total	<u>3 475 973</u>	<u>2 488 580</u>	<u>3 475 973</u>	<u>2 488 580</u>

Provision for rehabilitation of landfill site

Provision for performance bonuses

Provision for rehabilitation of landfill site

	2015	2014	2015	2014
Non-current liabilities	3 823 570	3 475 973	3 823 570	3 475 973
Current liabilities	688 535	2 488 580	688 535	2 488 580
	<u>4 512 105</u>	<u>5 964 553</u>	<u>4 512 105</u>	<u>5 964 553</u>

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 10% over an average period of 20 years. The due date of this provision is June 2027.

Notes to the Consolidated Financial Statements

	Economic entity			Controlling entity		
Figures in Rand	2016	2015	2016	2015	2016	2015

18. Provisions (continued)

Provision for performance bonuses

Performance bonuses accrue to Section 57 managers and managers on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff. Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period. Performance bonuses are measured at face value as it is expected that these would be paid shortly after the financial year end once performance evaluations have been completed. The reduction in the 2015/2016 provision is due to the suspension of performance evaluations for managers.

19. Employee benefit obligations

Defined benefit plan

The total amount recognised in the statement of financial position is as follows:

	2016	2015	2016	2015
Carrying value	11 622 662	10 830 506	11 622 662	10 830 506
Defined benefit obligation - Long service awards				
Defined benefit obligation - Post-employment health care benefit	74 141 098	65 494 316	74 141 098	65 494 316
85 763 760	76 324 822	85 763 760	76 324 822	76 324 822

Post retirement medical aid plan

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Municipality's decision on protected rights.

The post-employment health care benefits valuation considers all current employees, retired employees and their dependants who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation is 30 June 2016.

The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.

Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:

	2016	2015	2016	2015
In-service members	367	355	367	355
In-service non-members	307	309	307	309
Continuation members	49	44	49	44
723	708	723	708	708

The amount recognised in the statement of financial position is as follows:

	2016	2015	2016	2015
Carrying value	74 141 098	65 494 316	74 141 098	65 494 316
Present value of the defined benefit obligation - wholly unfunded				

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Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

19. Employee benefit obligations (continued)

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

	2016	2015	2016	2015
Opening balance	65 494 316	55 596 329	65 494 316	55 596 329
Benefits paid	(1 662 276)	(1 482 060)	(1 662 276)	(1 482 060)
Net expense recognised in the statement of financial performance	10 309 058	11 380 047	10 309 058	11 380 047
74 141 098	65 494 316	65 494 316	74 141 098	65 494 316

Net expense recognised in the statement of financial performance

	2016	2015	2016	2015
Current cost	3 799 467	2 943 021	3 799 467	2 943 021
Interest cost	5 812 252	4 982 558	5 812 252	4 982 558
Actuarial (gains)/losses	697 339	3 454 468	697 339	3 454 468
10 309 058	11 380 047	11 380 047	10 309 058	11 380 047

Calculation of actuarial gains and losses

	2016	2015	2016	2015
Actuarial (gains)/losses	697 339	3 454 468	697 339	3 454 468
697 339	3 454 468	697 339	3 454 468	

Key assumptions used

Assumptions used at the reporting date:

	2016	2015	2016	2015
Discount rate used	9.10 %	8.99 %	9.10 %	8.99 %
Health care cost inflation rate	8.22 %	8.10 %	8.22 %	8.10 %
Net discount rate	61	61	61	61
Average retirement age	0.82 %	0.82 %	0.82 %	0.82 %
Best estimate of contributions expected to be paid	1 952 316	1 662 276	1 952 316	1 662 276

Other assumptions

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in surplus or deficit. The effect of a one percentage movement in the assumed rate of health care cost inflation is as follows:

	2016	2015	2016	2015
Increase				
Effect of aggregate service cost and interest	12 579 400	10 744 400	12 579 400	10 744 400
Effect on the defined benefit obligation cost	94 671 000	83 810 000	94 671 000	83 810 000
Decrease				
Effect of aggregate service cost and interest	(8 832 100)	(7 510 500)	(8 832 100)	(7 510 500)
Effect on the defined benefit obligation cost	(69 449 000)	(61 575 000)	(69 449 000)	(61 575 000)

Amounts for the current and previous four years are as follows:

	2016	2015	2014	2013	2012
Defined benefit obligation	74 141 098	65 494 316	55 596 329	47 819 496	44 563 828
Surplus (deficit)	(74 141 098)	(65 494 316)	(55 596 329)	(47 819 496)	(44 563 828)

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Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

19. Employee benefit obligations (continued)

Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 723 (2015: 655) employees that are entitled to long service leave awards on 30 June 2016. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

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

Carrying value of the defined benefit obligation-wholly unfunded	2016	2015	2016	2015
Present value of the defined benefit obligation-wholly unfunded	11 622 662	10 830 506	11 622 662	10 830 506

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

Opening balance	2016	2015	2016	2015
8 187 516	10 830 506	8 187 516	10 830 506	8 187 516
Benefits paid	(1 351 074)	(1 539 426)	(1 351 074)	(1 539 426)
Net expense recognised in the statement of financial performance	2 143 230	4 182 416	2 143 230	4 182 416
11 622 662	10 830 506	11 622 662	10 830 506	10 830 506

Net expense recognised in the statement of financial performance

Current service cost	2016	2015	2016	2015
1 124 623	813 587	1 124 623	813 587	1 124 623
Interest cost	809 468	610 673	809 468	610 673
Actuarial (gains) losses	209 139	2 758 156	209 139	2 758 156
2 143 230	4 182 416	2 143 230	4 182 416	4 182 416

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	2016	2015	2016	2015
209 139	2 758 156	209 139	2 758 156	2 758 156

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.51 %	7.96 %	8.51 %	7.96 %
Expected increase in salaries	7.17 %	7.03 %	7.17 %	7.03 %
Net discount rate	1.25 %	0.87 %	1.25 %	0.87 %
Average retirement age	61	61	61	61

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Figures in Rand		2016	2015	2016	2015
		Economic entity		Controlling entity	

19. Employee benefit obligations (continued)

Other assumptions

The sensitivity analysis is based on the total liability which includes water and sewerage.

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

	2016	2015	2014	2013	2012
Increase					
Effect of aggregate service cost and interest	2 268 900	1 699 200	1 699 200	2 268 900	1 699 200
Effect on the defined benefit obligation	13 508 000	12 535 000	12 535 000	13 508 000	12 535 000
Decrease					
Effect of aggregate service cost and interest	(1 955 900)	(1 461 100)	(1 461 100)	(1 955 900)	(1 461 100)
Effect on the defined benefit obligation	(11 936 000)	(11 083 000)	(11 083 000)	(11 936 000)	(11 083 000)

Amounts for the current and previous four years are as follows:

	2016	2015	2014	2013	2012
Defined benefit obligation	R 11 622 662	R 10 830 506	R 8 187 516	R 7 721 047	R 5 588 929
Surplus (deficit)	(11 622 662)	(10 830 506)	(8 187 516)	(7 721 047)	(5 588 929)

Defined contribution plan

The economic entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is 45 051 099 43 146 478 45 051 099 43 146 478

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors/ employees leave 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 R 45 million represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

Included in defined contribution plan information above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the economic entity to account for the plans as defined benefit plans, the economic entity accounted for these plans as defined contribution plans. The amounts disclosed above includes an amount of R 3 944 344 which represents the contributions for councilors.

Joint Municipal Pension Fund

The Joint Municipal Pension Fund's contribution rate payable is 9% by the members and 22% by council. The valuation of 30 September 2014 showed that the funding level is 107.3%

Contributions made during the year

181 498	175 631	181 498	175 631
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Greater Tzaneen Municipality

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Figures in Rand	2016	2015	2015
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19. Employee benefit obligations (continued)

Municipal Employees pension fund

The contribution rate paid by the members of 7.5% and council of 22% or 18% are sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended February 2014 revealed that the funding level is 107.9%

Contributions made during the year	1 788 000	1 660 007	1 788 000	1 660 007
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Municipal Employees Gratuity Fund

The contribution paid by the members of 7.5% or 9% and council 22% or 18% is sufficient to fund the benefits accruing from the fund in future.

At the valuation date of 30 June 2015 the pension fund was funded and revealed that the fund was certified to be in a sound financial positions.

Contributions made during the year

	7 317 930	7 259 869	7 317 930	7 259 869
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Municipal Fund for Municipal Workers

The above mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

Contributions made during the year

	31 819 327	30 310 935	31 819 327	30 310 935
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Municipal councillors pension fund

The municipal councillors pension fund operates as a defined contribution scheme. The contribution rate paid by the members (13.75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future.

20. Service charges

Sale of electricity
Sale of prepaid electricity
Indigent charges
Refuse removal
Other service charges

	417 994 360	378 537 920	417 994 360	378 537 920
	3 452 371	1 812 566	3 452 371	1 812 566
	740 856	344 462	740 856	344 462
	26 475 760	25 815 532	26 475 760	25 815 532
	1 441 121	470 228	1 441 121	470 228
	450 104 468	406 980 708	450 104 468	406 980 708

The amounts disclosed above for sale of electricity, indigent charges and refuse removal are in respect of services rendered and are billed to the consumers on a monthly basis according to council's approved tariffs.

Greater Tzaneen Municipality acts as service provider for the Mopani District Municipality with regard to the water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

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Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

21. Other income

Credit control actions	542 581	1 181 085	542 581	1 181 085
Environmental health services	56 623	34 276	56 623	34 276
Grant admin fee	1 759 343	1 319 622	1 759 343	1 319 622
Insurance claims	1 940 029	892 682	1 940 029	892 682
Inventory surplus	7 468	-	7 468	-
Library services	8 345	7 952	8 345	7 952
Motor vehicle and drivers licence	8 341 067	8 669 282	8 307 135	8 669 282
PMU agent commission	1 806 561	4 443 320	1 806 561	4 443 320
Recoveries	1 12 258	911 643	1 12 258	911 643
Sundry income	525 148	2 124 224	525 148	2 122 930
Unknown deposit not claimed	-	7 675 960	-	7 675 960
Valuation certificates	87 900	64 565	87 900	64 565
Other cash sales	10 526	-	-	-
VAT on grants	18 680 768	10 786 426	18 680 768	10 786 426
33 878 617	38 111 037	33 834 159	38 109 743	

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 20, which are billed to or paid for by the users of services as required according to councils approved tariffs.

22. Property rates

Rates levied	2016	2015	2016	2015
Residential	33 605 768	34 370 193	33 605 768	34 370 193
Commercial	23 338 157	22 878 111	23 338 157	22 878 111
State	5 291 893	5 132 629	5 291 893	5 132 629
Other	11 910 522	11 717 092	11 910 522	11 717 092
74 146 340	74 098 025	74 146 340	74 098 025	
Property rates - penalties imposed	5 186 759	5 368 139	5 186 759	5 368 139
79 333 099	79 466 164	79 333 099	79 466 164	

Valuations

Residential	5 328 130	5 219 584	5 328 130	5 219 584
Commercial	1 961 342	1 946 025	1 961 342	1 946 025
State	522 864	420 644	522 864	420 644
Municipal	191 350	173 174	191 350	173 174
Agriculture	4 401 425	4 372 000	4 401 425	4 372 000
Other	91 909	11 723	91 909	11 723
12 497 020	12 143 150	12 497 020	12 143 150	

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rebates are granted on various categories of properties. Interest at prime rate plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

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Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

23. Government grants and subsidies

Operating grants	2016	2015	2016	2015
Equitable share	288 642 999	235 716 694	288 642 999	235 716 694
National MSIG	10 280	692 071	789 233	692 071
Neighbourhood Grant	5 710 105	8 012 015	5 710 105	8 012 015
Finance Management Grant	1 559 268	1 600 000	1 559 268	1 600 000
SETA	-	19 660	-	19 660
Municipal Infrastructure Grant	1 16 763 519	72 045 900	1 16 763 519	72 045 900
National - Electrification Grant	16 670 539	5 000 000	16 670 539	5 000 000
Government grant (Donation of assets) - Note 24	6 700 000	-	6 700 000	-
DOE Grant	4 041 618	5 886 659	4 041 618	5 886 659
EPWP	1 867 779	2 034 221	1 867 779	2 034 221
Government grant (Donation of assets) - Note 24	13 706 510	-	13 706 510	-
Industrial Development Corporation	-	2 631 579	-	-
Equitable shares	455 672 617	333 638 799	456 451 570	331 007 220
Current year receipts	288 642 999	235 716 694	288 642 999	235 716 694
Conditions met - operating	(288 642 999)	(235 716 694)	(288 642 999)	(235 716 694)
Conditions still to be met - transferred to liabilities	-	-	-	-

The equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the constitution (Act 108 of 1996) to the municipality by the National Treasury.

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

Drought Relief Programme

Balance unspent at beginning of year	2016	2015	2016	2015
30 700	30 700	30 700	30 700	30 700
Conditions still to be met - transferred to liabilities	30 700	30 700	30 700	30 700

Conditions still to be met - remain liabilities (see note 17).

The grant is targeting communities without potable water, mainly attributed by drought. The aim is to provide primary water to a minimum of 25lt per day in the proposed area.

SETA

Balance unspent at beginning of year	2016	2015	2016	2015
442 899	462 559	462 559	442 899	462 559
Conditions met - transferred to revenue	-	(19 660)	-	(19 660)
Conditions still to be met - transferred to liabilities	442 899	442 899	442 899	442 899

Conditions still to be met - remain liabilities (see note 17).

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters.

Greater Tzaneen Municipality

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Figures in Rand	2016	2015	2016	2015
	Economic entity	Economic entity	Controlling entity	Controlling entity

23. Government grants and subsidies (continued)

Municipal Infrastructure Grant

Balance unspent at beginning of year	43 725 971	19 218 617	43 725 971	19 218 617
Current-year receipts	91 191 000	111 083 000	91 191 000	111 083 000
Conditions met - transferred to revenue	(116 763 519)	(72 045 900)	(116 763 519)	(72 045 900)
VAT on Grant (own revenue)	(16 346 892)	(10 086 426)	(16 346 892)	(10 086 426)
Administration fee	(1 806 560)	(4 443 320)	(1 806 560)	(4 443 320)
Conditions still to be met - transferred to liabilities	-	43 725 971	-	43 725 971

Conditions still to be met - remain liabilities (see note 17).

MIG funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of the poor.

Department of Minerals and Energy

Balance unspent at beginning of year	33 186	33 186	33 186	33 186
Conditions still to be met - transferred to liabilities	33 186	33 186	33 186	33 186

Conditions still to be met - remain liabilities (see note 17).

The main aim of this grant was to supply the farmers (workers) with electricity and the funds were used for the electrification of the farmer houses (workers houses) within the Greater Tzaneen Municipality. This was according to the DME (Department of Minerals and Energy) standards.

National Electrification Grant

Current-year receipts	30 000 000	6 000 000	30 000 000	6 000 000
Conditions met - transferred to revenue	(16 670 539)	(5 000 000)	(16 670 539)	(5 000 000)
VAT on grants (own revenue)	(2 333 875)	(700 000)	(2 333 875)	(700 000)
Administration fees	(1 500 000)	(300 000)	(1 500 000)	(300 000)
Conditions still to be met - transferred to liabilities	9 495 586	-	9 495 586	-

Conditions still to be met - remain liabilities (see note 17).

The grant was used for electrification of farm labour housing and schools.

Community Based Projects

Balance unspent at beginning of year	356 878	356 878	356 878	356 878
Conditions still to be met - transferred to liabilities	356 878	356 878	356 878	356 878

Conditions still to be met - remain liabilities (see note 17).

The funds were used for the training of lead facilitators, ward-based facilitators and community based projects roll out to the wards.

Figures in Rand

2016 2015 2016 2015

Economic entity Controlling entity

Notes to the Consolidated Financial Statements

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Greater Tzaneen Municipality

23. Government grants and subsidies (continued)

Neighbourhood Grant

	2016	2015	2016	2015
Balance unspent at beginning of year	13 937 985	16 450 694	13 937 985	16 450 694
Reverted back to National Treasury	(947 353)	-	(947 353)	-
Roll over adjustments	-	(16 450 694)	-	(16 450 694)
Current-year receipts	21 950 000	21 950 000	21 950 000	21 950 000
Conditions met - transferred to revenue	(5 710 105)	(8 012 015)	(5 710 105)	(8 012 015)
Conditions still to be met - transferred to liabilities	7 280 527	13 937 985	7 280 527	13 937 985

Conditions still to be met - remain liabilities (see note 17).

These funds were used to embellish the entrances of various towns and villages.

Cleanest Town

	2016	2015	2016	2015
Balance unspent at beginning of year	450 766	450 766	450 766	450 766
Conditions met - transferred to revenue	(789 233)	(934 000)	(789 233)	(934 000)
Current-year receipts	934 000	934 000	934 000	934 000
Reverted back to National Treasury	(1 052 646)	-	(1 052 646)	-
Balance unspent at beginning of year	1 052 646	810 717	1 052 646	810 717
Conditions still to be met - transferred to liabilities	140 767	1 052 646	140 767	1 052 646

Conditions still to be met - remain liabilities (see note 17).

Funds received through the greenest town competition were used to provide schools in villages with refuse removal skips.

MSIG Establishment Grant

	2016	2015	2016	2015
Balance unspent at beginning of year	1 052 646	810 717	1 052 646	810 717
Reverted back to National Treasury	(1 052 646)	-	(1 052 646)	-
Current-year receipts	934 000	934 000	934 000	934 000
Conditions met - transferred to revenue	(789 233)	(934 000)	(789 233)	(934 000)
Conditions still to be met - transferred to liabilities	140 767	1 052 646	140 767	1 052 646

Conditions still to be met - remain liabilities (see note 17).

The grant is used to upgrade the financial systems of the Municipality and to provide training to officials.

Upgrade of sport facilities

	2016	2015	2016	2015
Balance unspent at beginning of year	100 623	100 623	100 623	100 623
Conditions met - transferred to revenue	(789 233)	(934 000)	(789 233)	(934 000)
Current-year receipts	934 000	934 000	934 000	934 000
Reverted back to National Treasury	(1 052 646)	-	(1 052 646)	-
Balance unspent at beginning of year	1 052 646	810 717	1 052 646	810 717
Conditions still to be met - transferred to liabilities	140 767	1 052 646	140 767	1 052 646

Conditions still to be met - remain liabilities (see note 17).

This grant was used to upgrade sport facilities in towns and villages.

Greater Tzaneen Municipality

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Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

23. Government grants and subsidies (continued)

Finance Management Grant

Current-year receipts	1 675 000	1 600 000	1 600 000	1 600 000
Conditions met - transferred to revenue	(1 559 268)	(1 600 000)	(1 559 268)	(1 600 000)
liabilities	115 732	-	115 732	-
Conditions still to be met - transferred to				

Conditions still to be met - remain liabilities (see note 17).

The grant is used to support financial management.

DOE Grant

Balance unspent at beginning of year	278 081	6 164 740	278 081	6 164 740
Current-year receipts	5 000 000	-	5 000 000	-
Conditions met - transferred to revenue	(4 041 618)	(5 886 659)	(4 041 618)	(5 886 659)
Administration fees	(250 000)	-	(250 000)	-
liabilities	986 463	278 081	986 463	278 081
Conditions still to be met - transferred to				

Conditions still to be met - remain liabilities (see note 17).

Energy efficiency and demand side management. Retrofitting of old street lights.

EPWP Grant

Rollover adjustment	25 779	-	25 779	-
Current-year receipts	1 842 000	2 060 000	1 842 000	2 060 000
Conditions met - transferred to revenue	(1 867 779)	(2 034 221)	(1 867 779)	(2 034 221)
liabilities	-	25 779	-	25 779
Conditions still to be met - transferred to				

Conditions still to be met - remain liabilities (see note 17).

The grant is used for rural waste removal.

Industrial Development Corporation

Current-year receipts restated	-	2 631 579	-	2 631 579
Conditions met - transferred to revenue	-	(2 631 579)	-	(2 631 579)
liabilities	-	-	-	-
Conditions still to be met - transferred to				

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

All grant funding destined for the Municipality in terms of the annual Division of Revenue Act, with the exception of R1 999 999 due to poor performance on the Neighbourhood Grant and the MSIG Establishment grant has been received.

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	Economic entity		Controlling entity	

24. Donations received

Greater Tzaneen Municipality received a donation of Assets, which amount to R 20 406 509,61. Due to absence of the cost information on the donated assets, these assets were accounted for at deemed cost / fair value which is in line with the Municipality's Assets Management policy and GRAP. The following are the details and value of the donated assets:

Investment property	R 6 700 000
Roads Infrastructure	R 13 517 400
Plant and Equipment	R 189 110
	R 13 706 510

25. Revenue

Service charges	450 104 468	406 980 708	450 104 468	406 980 708
Rental of facilities and equipment	1 333 677	1 188 589	1 333 677	1 188 589
Interest received (trading)	12 328 408	12 090 607	12 312 153	12 057 486
Agency services	8 004 170	7 205 556	8 004 170	7 205 556
Licences and permits	721 783	711 014	721 783	711 014
Other income	33 878 617	38 111 037	33 834 159	38 109 743
Interest received - investment	6 850 014	2 381 124	6 850 014	2 381 124
Property rates	74 146 340	74 098 025	74 146 340	74 098 025
Property rates - penalties imposed	5 186 759	5 368 139	5 186 759	5 368 139
Government grants & subsidies	455 672 617	333 638 799	456 451 570	331 007 220
Fines	35 496 947	39 119 913	35 496 947	39 119 913
	1 083 723 800	920 893 511	1 084 442 040	918 227 517

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

Service charges	450 104 468	406 980 708	450 104 468	406 980 708
Rental of facilities and equipment	1 333 677	1 188 589	1 333 677	1 188 589
Interest received (trading)	12 328 408	12 090 607	12 312 153	12 057 486
Agency services	8 004 170	7 205 556	8 004 170	7 205 556
Licences and permits	721 783	711 014	721 783	711 014
Other income	33 878 617	38 111 037	33 834 159	38 109 743
Interest received - investment	6 850 014	2 381 124	6 850 014	2 381 124
	513 221 137	468 668 635	513 160 424	468 634 220

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

Taxation revenue	74 146 340	74 098 025	74 146 340	74 098 025
Property rates	5 186 759	5 368 139	5 186 759	5 368 139
Transfer revenue	455 672 617	333 638 799	456 451 570	331 007 220
Government grants & subsidies	35 496 947	39 119 913	35 496 947	39 119 913
Fines	35 496 947	39 119 913	35 496 947	39 119 913
	570 502 663	452 224 876	571 281 616	449 593 297

Greater Tzaneen Municipality

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	Economic entity		Controlling entity	

26. Employee related costs

Salaries and wages	176 323 693	167 678 144	174 694 988	165 568 736
Performance bonus	-	43 862	-	-
Social contributions	49 673 480	48 636 952	49 014 211	47 881 940
Leave pay provision charge	218 167	171 654	-	-
Travel allowance	9 001 765	9 592 777	9 001 765	9 592 777
Overtime payments	23 231 307	19 390 213	23 177 526	19 348 526
13th Cheques	93 598	109 845	-	-
Housing allowances	2 645 718	2 556 987	2 645 718	2 556 987
261 187 728	248 180 434	258 534 208	244 948 966	

The increase in employee related costs from the previous year is as a result of an increase of 6% approved for officials.

No advances were made to employees during the year.

Remuneration of Municipal Manager

Annual Remuneration	831 237	609 902	831 237	609 902
Car allowance	312 373	105 000	312 373	105 000
Contributions to UIF, Medical and Pension	117 948	51 715	117 948	51 715
Funds	-	-	-	-
Telephone allowance	12 500	8 750	12 500	8 750
Leave pay	-	-	-	-
1 274 058	775 367	1 274 058	973 596	

The municipal manager was appointed on 1 September 2015.

Remuneration of Chief Finance Officer

Annual Remuneration	819 793	765 429	819 793	765 429
Car allowance	284 958	284 958	284 958	284 958
Contributions to UIF, Medical and Pension	171 073	164 360	171 073	164 360
Funds	-	-	-	-
Leave pay	40 596	36 475	40 596	36 475
Telephone allowance	12 000	12 000	12 000	12 000
Acting allowance	-	52 798	-	52 798
1 328 420	1 316 020	1 328 420	1 316 020	

Director Community Services

Annual Remuneration	979 666	789 958	979 666	789 958
Car allowance	80 104	164 104	80 104	164 104
Contributions to UIF, Medical and Pension	74 064	157 508	74 064	157 508
Funds	-	-	-	-
Leave pay	36 605	32 889	36 605	32 889
Telephone allowance	12 000	12 000	12 000	12 000
Acting allowance	-	103 123	-	103 123
1 182 439	1 259 582	1 182 439	1 259 222	

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	2016	2015	2016
	Economic entity	Economic entity	Controlling entity
26. Employee related costs (continued)			
Director Civil Engineering			
Annual Remuneration	881 877	826 805	881 877
Car allowance	168 000	168 000	168 000
Contributions to UIF, Medical and Pension Funds	101 346	100 815	100 815
Telephone allowance	12 000	12 000	12 000
1 163 223	1 107 620	1 163 223	1 107 620
Director Planning and Economic Development			
Annual Remuneration	789 559	-	789 559
Car allowance	84 195	-	84 195
Contributions to UIF, Medical and Pension Funds	71 890	-	71 890
Telephone allowance	11 000	-	11 000
956 644	-	956 644	-
The Director Planning and Economic Development was appointed on 01 August 2015.			
Director Corporate Services			
Annual Remuneration	-	820 305	-
Car allowance	-	209 000	-
Contributions to UIF, Medical and Pension Funds	-	36 324	-
Telephone allowance	-	11 000	-
Leave pay	-	143 544	-
-	1 220 173	-	1 220 173
The director corporate services resigned with effect from 31 May 2015 and the position was vacant at 30 June 2016.			
Director Electrical Engineering			
Annual Remuneration	1 016 331	952 964	1 016 331
Car allowance	-	10 000	-
Contributions to UIF, Medical and Pension Funds	139 821	137 532	139 821
Telephone allowance	12 000	12 000	12 000
Acting allowance	62 522	-	-
1 230 674	1 112 496	1 112 496	1 112 496

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	Economic entity		Controlling entity	

27. Remuneration of councillors

	2016	2015	2016	2015
Mayor	812 318	771 504	812 318	771 504
Executive Committee allowance	1 745 151	1 616 961	1 745 151	1 616 961
Speaker and full-time councillors' allowances	4 342 143	3 975 055	4 342 143	3 975 055
Other councillors' allowances	14 190 326	13 714 673	14 190 326	13 714 673
Total	21 089 938	20 078 193	21 089 938	20 078 193

Mayor	2016	2015	2016	2015
Annual Remuneration	590 296	559 522	590 296	559 522
Car allowance	196 765	186 507	196 765	186 507
Cellphone allowance	20 868	20 868	20 868	20 868
Contribution to medical aid and pension fund	4 389	4 607	4 389	4 607
Total	812 318	771 504	812 318	771 504

Speaker	2016	2015	2016	2015
Annual Remuneration	476 338	397 195	476 338	397 195
Car allowance	153 309	132 398	153 309	132 398
Cellphone allowance	20 868	20 868	20 868	20 868
Contribution to medical aid and pension fund	4 643	3 867	4 643	3 867
Total	655 158	554 328	655 158	554 328

Chief Whip	2016	2015	2016	2015
Annual Remuneration	442 722	419 642	442 722	419 642
Car allowance	147 574	139 880	147 574	139 880
Cellphone allowance	20 868	20 868	20 868	20 868
Contribution to medical aid and pension fund	3 320	3 483	3 320	3 483
Total	614 484	583 873	614 484	583 873

In-kind benefits

The Mayor, Speaker and five Councillors are full-time employees. Each is provided with an office at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties.

The Mayor has one full-time secretary, one personal assistant and a gender, youth and disability programme.

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisage in section 219 of the Constitution.

28. Employees remuneration

Executive Director

	2016	2015	
KJ Maphoto	Emoluments Remuneration	42 000	115 963
	Other benefits*	308 623	775 136
	Total	350 623	891 099

Notes to the Consolidated Financial Statements

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28. Employees remuneration (continued)

Board of Directors

2016

	2016	2015
VJG Baloyi (resigned)	27 401	4 321
MV Gardner	8 659	75 905
MF Mushwana	18 552	63 500
MZ Mawasha (Chair)	21 978	93 375
ES Maake	50 565	3 500
J Makapan	23 689	7 821
MI Moakamele	23 899	139 405
BL Mathebula	24 928	176 893
BJ Pretorius	9 942	40 994
SR Monakedi (resigned)	669	85 443
Emoluments Remuneration	210 282	180 731
Total	958 117	450 556

2015

KM Motshkga	4 321	3 500
MC Msimanga	75 905	63 500
VJG Baloyi	83 518	93 375
MV Gardner	6 294	34 700
MF Mushwana	10 693	74 750
Emoluments Remuneration	180 731	269 825
Total	450 556	450 556

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28. Employees remuneration (continued)

Councillors

2016

	Salary	Travel	Telephone allowance	SETA Levy	Total
Mbowei MN Mr	442 722	147 574	20 868	3 320	614 484
Mmetle DJ Ms	590 296	196 765	20 868	4 389	812 318
Mmola MM Miss	177 927	59 309	20 868	-	258 104
Mokgoboto MJ Miss	177 927	59 309	20 868	-	258 104
Mushwana TS Mr	177 927	59 309	20 868	-	258 104
Selomo RR Mrs	442 722	147 574	20 868	3 323	614 487
Mothiba MJ Mr	177 927	59 309	20 868	1 396	259 500
Baloyi C Mr	177 927	59 309	20 868	1 396	259 500
Jansen van Vuuren AE Ms	177 927	59 309	20 868	1 395	259 499
Mahoni Mr	177 927	59 309	20 868	1 395	259 499
Masetla SP Ms	177 927	59 309	20 868	1 395	259 499
Mhlongo TL Ms	177 927	59 309	20 868	1 395	259 499
Ndove DL Mr	177 927	59 309	20 868	1 395	259 499
Raganya MS Ms	177 927	59 309	20 868	1 395	259 499
Ramolefo ME Ms	177 927	59 309	20 868	1 395	259 499
Sibiya M Ms	177 927	59 309	20 868	1 395	259 499
Mabape MD	177 927	59 309	20 868	1 395	259 499
Mushwana DG	167 054	55 684	19 593	1 348	243 679
Mohale NL Mr	177 927	59 309	20 868	1 395	259 499
Mahlati MF Ms	177 927	59 309	20 868	1 395	259 499
Makhudu MR Ms	177 927	59 309	20 868	1 395	259 499
Mohale MM Ms	177 927	59 309	20 868	1 396	259 500
Mokgobi ML Mr	177 927	59 309	20 868	1 401	259 505
Sekgotodi PJ Mr	244 651	81 550	20 868	1 879	348 948
Mabuza GQ Ms	177 927	59 309	20 868	1 397	259 501
Mashava BM Ms	177 927	59 309	20 868	1 395	259 499
Rikhotso NR Mr	177 927	59 309	20 868	1 396	259 500
Mhlati DQ Ms	177 927	59 309	20 868	1 395	259 499
Nghonyama RP Mr	177 927	59 309	20 868	1 395	259 499
Zandamela NH Ms	177 927	59 309	20 868	1 396	259 500
Banyini OK Mr	177 927	59 309	20 868	1 396	259 500
Mboweni MS Mr	177 927	59 309	20 868	1 395	259 499
Makwala SC Mr	177 927	59 309	20 868	1 395	259 499
Ndlovu ND Mr	177 927	59 309	20 868	1 395	259 499
Nghondzweni GG Ms	177 927	59 309	20 868	1 395	259 500
Masila NA Mr	177 927	59 309	20 868	1 396	259 500
Pudikabekwa ML Ms	177 927	59 309	20 868	1 395	259 499
Ramodiba PJ Mr	177 927	59 309	20 868	1 396	259 500
Letsoalo MM Ms	177 927	59 309	20 868	1 396	259 500
Makwela MA Mr	177 927	59 309	20 868	1 395	259 499
Mamogale MC Ms	177 927	59 309	20 868	1 342	259 446
Pohi RE Ms	244 651	81 550	20 868	2 266	349 335
Sabela M Ms	177 927	59 309	20 868	1 395	259 499
MC Neil MR MS	177 927	59 309	20 868	1 676	259 780
Magoro MH Ms	177 927	59 309	20 868	1 395	259 499
Maake DT Mr	177 927	59 309	20 868	1 395	259 499
Manyama TS Mr	177 927	59 309	20 868	1 678	259 782
Malebati MA Mr	177 927	59 309	20 868	1 335	259 439
Nkhwashu N Mr	177 927	59 309	20 868	1 677	259 781
Mashole MB Mr	177 927	59 309	20 868	1 676	259 780
Hlangwini MD	4 512	1 504	561	77	6 654
Hlangwane ML Ms	244 651	81 550	20 868	1 887	348 956

	14 675 488	4 889 154	1 413 093	1 112 203	21 089 938
Machete PP Mr	177 927	59 309	20 868	1 375	259 479
Machimana C Mr	476 338	153 309	20 868	4 643	655 158
Mahasha NM Mr	442 722	147 574	20 868	3 340	614 504
Makwala MM Ms	244 651	81 550	20 868	1 886	348 955
Mangena MG Mr	442 722	147 574	20 868	3 337	614 501
Maunatha SM Mr	177 927	59 309	20 868	1 378	259 482
Mbhalati JHS Mr	177 927	59 309	20 868	1 283	259 387
Mokgomole RM Ms	175 527	59 309	20 868	1 392	257 096
Ncha ML Ms	442 722	147 574	20 868	3 340	614 504
Nkwashu MC Ms	176 727	59 309	20 868	1 391	258 295
Nkuna SJ Ms	173 127	59 309	20 868	1 391	254 695
Ntumbane GE Mr	244 651	81 550	20 868	1 887	348 956
Nukeni TK Mr	442 722	147 574	20 868	3 341	614 505
Shingane MR Mr	177 927	59 309	20 868	1 379	259 483
Muswhana TH Mr	135 970	45 321	15 651	1 332	198 274

28. Employees remuneration (continued)

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Notes to the Consolidated Financial Statements

28. Employees remuneration (continued)

2015

	Salary	Travel allowance	Telephone allowance	Study allowance	Total
SJ Nkuna	176 524	60 441	20 868	1 736	259 569
MC Nkhwasha	180 124	60 441	20 868	1 734	263 167
RM Mokgomole	178 924	60 441	20 868	1 735	261 968
PJ Sekgotodi	230 803	76 934	20 868	1 961	330 566
RE Pohl	230 803	76 934	20 868	2 165	330 770
ML Hlangwane	217 336	72 445	20 868	2 128	312 777
MM Makwala	217 336	72 445	20 868	2 127	312 776
GE Ntmbane	217 331	72 445	20 868	2 131	312 775
MN Mboweni	419 642	139 880	20 868	3 483	583 873
S RR Selomo	419 642	139 880	20 868	3 487	583 877
C Machimana	514 122	74 719	20 868	4 084	613 793
JHS Mphahlati	221 726	73 908	20 868	1 926	318 428
MR Shingange	221 726	73 908	20 868	2 013	318 515
NM Mahasha	365 772	121 924	20 868	3 580	512 144
MG Mangena	365 772	121 924	20 868	3 518	512 082
ML Ncha	365 772	121 924	20 868	3 584	512 148
TK Nukeni	365 772	121 924	20 868	3 577	512 141
DJ Mmetle	559 522	186 507	20 868	4 607	771 504
SS MM Mmola	167 856	55 952	20 868	-	244 676
SS MJ Mokgoloboto	167 856	55 952	20 868	-	244 676
TS Mushwana	167 856	55 952	20 868	-	244 676
MJ Muthiba	167 856	55 952	20 868	-	246 131
C Baloyi	167 856	55 952	20 868	1 455	246 131
AE Jaesen van Vuuren	167 856	55 952	20 868	1 455	246 131
S Mahori	167 856	55 952	20 868	1 455	246 131
SP Masetla	167 856	55 952	20 868	1 455	246 131
TL Mhlongo	167 856	55 952	20 868	1 455	246 131
DL Ndove	167 856	55 952	20 868	1 455	246 131
MS Raganya	167 856	55 952	20 868	1 455	246 131
ME Ramolefo	167 856	55 952	20 868	1 455	246 131
M Sibiya	167 856	55 952	20 868	1 455	246 131
MD Mabape	167 856	55 952	20 868	1 455	246 131
DG Mushwana	167 856	55 952	20 868	1 455	246 131
NL Mohale	167 856	55 952	20 868	1 455	246 131
TL Matita	167 856	55 952	20 868	1 455	246 131
ML Mokgobi	167 856	55 952	20 868	1 455	246 131
GQ Mabuzza	167 856	55 952	20 868	1 459	246 135
LM Valentine	167 856	55 952	20 868	1 455	246 131
MF Mbhalati	167 856	55 952	20 868	1 455	246 131
MR Makhudu	167 856	55 952	20 868	1 455	246 131
MM Mohale	167 856	55 952	20 868	1 455	246 131
BM Mashava	167 856	55 952	20 868	1 455	246 131
NR Rikhotso	167 856	55 952	20 868	1 455	246 131
DQ Mhlahi	167 856	55 952	20 868	1 455	246 131
RP Nghonyama	167 856	55 952	20 868	1 455	246 131
NH Zandamela	167 856	55 952	20 868	1 455	246 131
OK Banyini	167 856	55 952	20 868	1 455	246 131
MS Mboweni	167 856	55 952	20 868	1 455	246 131
SC Makwala	167 856	55 952	20 868	1 455	246 131
ND Ndhlovu	167 856	55 952	20 868	1 455	246 131
GG Nghondzweni	167 856	55 952	20 868	1 455	246 131
NA Masila	167 856	55 952	20 868	1 457	246 133
ML Pudikabekwa	167 856	55 952	20 868	1 457	246 133
PJ Ramodipa	167 856	55 952	20 868	1 457	246 133
MM Letsosalo	167 856	55 952	20 868	1 455	246 131
MA Makwela	167 856	55 952	20 868	1 455	246 131
MC Marmogale	167 856	55 952	20 868	1 356	246 032

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28. Employees remuneration (continued)

	2016	2015	2014	2013	2012
M Sabela	167 856	167 856	20 868	55 952	55 952
MR Mc Neil	167 856	167 856	20 868	55 952	55 952
MH Magoro	167 856	167 856	20 868	55 952	55 952
DT Maake	167 856	167 856	20 868	55 952	55 952
TS Manyama	167 856	167 856	20 868	55 952	55 952
MA Malebati	167 856	167 856	20 868	55 952	55 952
N Nkwashu	167 856	167 856	20 868	55 952	55 952
MB Mashelle	167 856	167 856	20 868	55 952	55 952
MD Hlangwini	167 856	167 856	20 868	55 952	55 952
PP Machethe	227 711	227 711	20 868	75 903	75 903
SM Maunatala	221 723	221 723	20 868	73 913	73 913
Total	13 975 171	13 975 171	1 419 024	4 564 536	4 564 536

29. Impairment loss

	2016	2015	2014	2013	2012
Impairments	35 533 243	35 533 243	35 533 243	1 906 738	1 906 738
Property, plant and equipment	9 364	9 364	-	-	-
Intangible assets	-	-	-	-	-
Total	35 542 607	35 542 607	35 542 607	1 906 738	1 906 738

In terms of GRAP21, "impairment of non-cash generating assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and asset management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2016. The assessment of impairment of assets has resulted in an impairment loss of R 35 542 607 as a result significant loss in carrying amount of road infrastructure due to physical damage and degradation, as well as intangible assets due to software that is not in use.

30. Finance costs

	2016	2015	2014	2013	2012
Finance leases	330 528	330 528	197 765	10 287 956	197 766
Other interest paid	10 704 593	10 704 593	10 704 593	10 287 956	10 287 955
Total	11 035 121	11 035 121	10 485 721	10 485 721	10 485 721

31. Repairs and maintenance

	2016	2015	2014	2013	2012
Machinery and equipment	90 787	90 787	67 228	31 758	67 228
Lawnmowers	60 567	60 567	31 758	31 758	31 758
Distribution networks	4 990 352	4 990 352	6 866 190	6 866 190	6 866 190
Stormwater, drainage and bridges	1 703 250	1 703 250	3 006 841	3 006 841	3 006 841
Tarred roads	6 897 215	6 897 215	8 045 917	8 045 917	8 045 917
Gravel roads	7 548 432	7 548 432	9 182 616	9 182 616	9 182 616
Streetsights	207 857	207 857	149 239	149 239	149 239
Council-owned land	216 139	216 139	548 871	548 871	548 871
Council-owned buildings	1 479 339	1 479 339	388 848	388 848	388 848
Council-owned vehicles	1 148 400	1 148 400	2 502 604	2 502 604	2 502 604
Non-council-owned assets (Contractors)	173 215	173 215	149 485	149 485	149 485
Other	712 254	712 254	491 454	491 454	491 454
Total	25 227 807	25 227 807	31 431 051	31 431 051	31 331 658

32. Bulk purchases

	2016	2015	2014	2013	2012
Electricity	301 974 600	301 974 600	267 856 116	267 856 116	267 856 116

Greater Tzaneen Municipality

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Figures in Rand	2016	2015	Controlling entity
Economic entity	2016	2015	2015

32. Bulk purchases (continued)

Bulk purchases are the cost of electricity not generated by the municipality. The electricity which is purchased from Eskom is sold to consumers.

Water purchases are not included in bulk purchases as the municipality acts as resource provider for Mopani District Municipality with regards to this service. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

33. Contracted services

Valuation roll	192 570	20 994	192 570	20 994
Traffic and security services	10 442 111	12 080 787	10 442 111	12 080 787
Refuse removal	9 870 257	8 771 151	9 870 257	8 771 151
Cleaning services	9 477 070	11 113 453	9 477 070	11 113 453
Council owned land	1 296 423	904 601	1 296 423	904 601
Information technology	945 796	459 540	945 796	459 540
Meter reading	1 287 376	1 783 970	1 287 376	1 783 970
Town planning	561 750	4 339	561 750	4 339
Aerodrum	40 279	-	40 279	-
EPWP	1 827 948	-	1 827 948	-
Credit control	2 582 768	4 855 052	2 582 768	4 855 052
38 524 348	39 993 887	38 524 348	39 993 887	

34. Grants and subsidies paid

Other grants	29 306	4 898 372	29 306	4 898 372
HPH	124 116 869	23 275 140	124 116 869	23 275 140
Eskom EBSSST	2 856 439	2 849 536	2 856 439	2 849 536
Mayor bursary account	815 101	215 000	815 101	215 000
SPCA	102 500	102 500	102 500	102 500
Sport Council	106 644	106 644	106 644	106 644
SETA (Training)	-	12 592	-	12 592
MSIG	789 233	692 071	789 233	692 071
Mayor special account	28 654	52 684	28 654	52 684
Grants and subsidies paid	33 326	33 326	33 326	33 326
Solid waste: EPWP	1 867 779	2 034 221	1 867 779	2 034 221
130 745 851	34 272 086	130 745 851	34 272 086	

Greater Tzaneen Municipality
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Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	2015
	Economic entity	Controlling entity	

35. General expenses

Advertising	4 469 309	3 568 980	53 175
Auditor's remuneration	15 427	4 070	-
Bank charges	295	198	-
Cleaning	2 417 957	1 020 932	998 206
Computer rental	21 361 815	31 365 920	31 303 333
Consumables	995 935	910 216	877 462
Entertainment	16 649	19 689	-
Fines and penalties	12 403	18 440	-
Gifts	600	-	600
Insurance	1 574 992	2 621 714	2 617 174
Conferences and seminars	8 138	-	8 138
IT expenses	9 262	-	-
Fuel and oil	6 045 273	6 058 613	6 058 613
Postage and courier	2 923 433	1 039 705	1 039 174
Printing and stationery	1 862 150	1 433 219	1 422 077
Protective clothing	358 906	235 761	235 761
Security (Guarding of municipal property)	6 345	6 814	-
Software expenses	-	4 340	-
Subscriptions and membership fees	23 048	27 190	-
Telephone and fax	1 729 613	1 491 335	1 345 828
Training	1 100 393	399 806	364 906
Travel - local	7 381 240	7 366 645	7 146 467
Uniforms	99 878	60 724	-
Insurance claims - Own expenditure	599 921	2 997 399	2 997 399
Membership fees - Salga	194 042	2 115 600	2 115 600
Telephone exchange rental	1 403 896	1 226 434	1 226 434
Public education and training	52 500	31 650	31 650
Public relations, tourism and marketing	3 073 926	-	3 073 926
Small tools and equipment	275 095	275 702	275 702
Lease rentals on operating leases	654 184	755 250	388 322
Forensic auditor's fees	1 199 370	1 056 935	3 249 917
Bank administration fees	1 202 402	1 567 216	1 567 216
Licences and permits	1 580 660	392 773	392 773
Cultural day	1 355 170	915 627	915 627
Other expenses	10 692 861	7 798 416	7 798 416
74 697 088	76 840 488	79 308 082	77 529 593

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Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

36. Cash generated from operations

(Deficit) surplus	(6 133 797)	32 463 973	(6 253 398)	33 255 481
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Adjustments for:

Depreciation and amortisation	Note 57	121 133 963	118 322 862	121 079 953
Loss on sale of assets	Note 55	589 023	1 753 066	589 023
Fair value adjustments	Note 52	1 146 000	335 000	1 146 000
Finance costs - Finance leases	Note 29	35 542 607	1 906 738	35 542 607
Impairment deficit	Note 58	63 863 738	35 787 880	63 863 738
Movements in operating lease assets and		20 190	13 669	20 190
accruals				
Movements in retirement benefit assets and		9 438 938	12 540 977	9 438 938
liabilities				
Movements in provisions		(1 452 448)	189 902	(1 452 448)

Changes in working capital:

Inventories	1 224 779	(1 024 658)	1 224 779	(1 024 658)
-------------	-----------	-------------	-----------	-------------

Receivables from exchange transactions

Consumer debtors	(22 433 527)	2 088 732	(22 394 200)	2 088 732
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Other receivables from non-exchange

transactions	(65 326 249)	(53 325 210)	(65 326 249)	(53 325 210)
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Payables from exchange transactions

VAT	5 795 403	(1 782 195)	5 829 332	(1 836 469)
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Unspent conditional grants and receipts

Consumer deposits	798 430	1 926 115	2 17 982	1 402 956
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Loss on disposal of asset

	(478 950)	-	(478 950)	-
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37. Auditors remuneration

Fees - Auditor General of South Africa	4 469 309	3 568 980	4 136 665	3 161 536
--	-----------	-----------	-----------	-----------

38. Commitments

Authorised expenditure

for	83 341 446	36 225 872	83 341 446	36 225 872
-----	------------	------------	------------	------------

Already contracted for but not provided

• Property, plant and equipment	58 544 745	64 356 693	58 442 325	64 163 543
• Other financial assets	141 886 191	100 582 565	141 783 771	100 389 415

Total capital commitments

Already contracted for but not provided for	141 886 191	100 582 565	141 783 771	100 389 415
---	-------------	-------------	-------------	-------------

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

The expenditure will be financed by:

- Internal advances	65 432 065	73 854 700	65 329 645	73 661 550
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- Government grants: Department of Energy

and DBSA	12 819 715	2 855 858	12 819 715	2 855 858
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- MIG grants

	63 634 411	23 872 007	63 634 411	23 872 007
--	------------	------------	------------	------------

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Economic entity		Controlling entity	
2016	2015	2016	2015

Figures in Rand

39. Contingencies

Contingent liabilities

Contractual disputes

Various contractual claims by contractors suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 139 million. The merits must still be determined and could result in a lesser or greater amount.

Sasekani to NkowanKowa vs Greater Tzaneen Municipality

Arbitration is in progress relating to possible irregular capital expenditure amounting to R 6 329 697. The amount represents the payment for the upgrading of the road R3763 Sasekani to NkowanKowa.

2016	2015	2016	2015
-	6 329 697	-	6 329 697

MACP Construction vs Greater Tzaneen Municipality

It is alleged that the Municipality did not honour the contract as the contractor could not finish the nine kilometre project with the tendered amount of R39 000 000 despite variation order of 20% to complete the project.

2016	2015	2016	2015
-	9 000 000	-	9 000 000

Expectra 338 vs Greater Tzaneen Municipality

GTM on the 29th May 2015, the Municipality was issued with a notice of motion by Expectra 338 demanding payment of R18 500 000 for breach of contract as a service provider. The plaintiff alleged that they were appointed to upgrade a road from gravel to tar, roads D3198/D3215 from Senakwe to Morapals.

2016	2015	2016	2015
20 711 525	18 500 000	20 711 525	18 500 000

SAMWU vs Greater Tzaneen Municipality

SAMWU / GTM the local SAMWU instituted an action in the high court against the Municipality who failed to consult the Union at the local forum regarding the policies adopted by the council. The Union is of the view that the Municipality should have consulted them before the policies may be enforced.

2016	2015	2016	2015
-	500 000	-	500 000

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Figures in Rand	2016	2015	2016	2015
	Economic entity	Economic entity	Controlling entity	Controlling entity

39. Contingencies (continued)

Greater Tzaneen Municipality vs Unlawful occupiers of property: GTM instructed legal proceedings to interdict the lawful occupiers of property the anticipated amount to be spend on legal fees amount to R300 000	-	300 000	-	300 000
Erick Hide vs Greater Tzaneen Municipality Erick Hide sued the Municipality for the water pipe that burst and destroyed the machinery of Erick Hide. They alleged that the damage occurred as a result of the negligence of the Municipality. The anticipated amount is R300 000.	-	300 000	-	300 000
Nkuna Traditional Authority vs Greater Tzaneen Municipality This involves the eviction of illegal occupants in and around Nkuna Traditional Authority. The estimated cost is R500 000.	-	500 000	-	500 000
Versatex Trading vs Greater Tzaneen Municipality This matter involves the Service Level Agreement entered into between GTM and Versatex to conduct job evaluations, however Versatex did not perform in terms of the agreement. The matter has now been referred to arbitration and the anticipated amount to be spent on legal fees is R450 000.	-	450 000	-	450 000

Phadima Phadima Group Holding vs Greater Tzaneen Municipality

On or during the 2007 to 2009, the parties (the Municipality and Phadima Phadima) entered into three written agreements with regard to the development of an immovable property know as Avis Park Extension 53, Tzaneen ("The Property"). The matter is still pending with leave to appeal in the Supreme Court of Appeal being granted to Phadima Phadima Group Holding

1 000 000

1 000 000

Malunga Tax Consultants vs Greater Tzaneen Municipality

The Municipality is involved in payment dispute with Malunga Tax consultants for not honouring their contract to review and recover VAT, SDL, UIF and PAYE, the matter is still pending in the High Court

4 255 609

4 255 609

Total	123 570 928	35 879 697	123 570 928	35 879 697
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Penalties and interest might be payable to SARS as a result of resubmission of VAT return, however no provision has been made on the fact that GTEDA is still in negotiations with SARS and this cannot be measured reliably.

Provision for VAT payable has been made, as a result of the entity not declaring output VAT on the grants received from its funders i.e. the Greater Tzaneen Municipality and Industrial Development Corporation.

No provision has been made based on the substantive evidence at hand, the probability of the case being in GTEDA's favour is high. There is anticipated Labour Court case.

Mr A. Muswana was suspended with pay, thereafter dismissed with effect from 18 May 2015 as imposed by the presiding officer after having followed due disciplinary hearing processes, and the case was awarded in favour of GTEDA by CCMA.

Controlling entity	2015	2016	2015	2016
Siphwe Engineering and Technologies vs Greater Tzaneen Municipality The Municipality has been served with a letter of demand by Siphwe, who claims that their contract were terminated unlawfully, the matter is still pending at the negotiation level.	-	83 384 439	-	83 384 439
Bedrock Mining Support (Pty) Ltd vs Greater Tzaneen Municipality The Municipality has been taken to Court over claimed negligence of being unable to provide fire breaks to stop fire from burning property of the applicant, the matter is still pending in High Court.	-	3 317 355	-	3 317 355
Bravospan 252CC vs Greater Tzaneen Municipality The Municipality applied to court to review and set aside a decision to extend a contract which was done illegally, the case was heard and postponed for judgement and is still pending in the High Court. The municipality won the case and the court order has been granted in our favour for cost, dated 19/08/2016.	-	9 874 000	-	9 874 000
DS Malatji vs Greater Tzaneen Municipality The Municipality has appointed Verveen Attorneys as Prosecutors and Ntuli & Noble Incorporated Attorneys as Presiding Officers to handle the Disciplinary Hearing of the Director of Civil Engineering Department, the matter is still pending at the Disciplinary Stage initiated by the Employer in terms of Local Government Municipal Systems Act 32 of 2000: Local Government: Disciplinary Regulations For Senior Managers of 21 April 2011.	-	1 028 000	-	1 028 000
	-	1 028 000	-	1 028 000

39. Contingencies (continued)

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Economic entity

Controlling entity

2015

2016

2015

2016

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39. Contingencies (continued)

Contingent assets

Outstanding insurance claims

The estimated contingent asset for insurance claims amounts to R 8 238 605. The estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the municipality for inspection.

Outstanding SARS claims

The outstanding VAT refund from SARS amounts to R 16 453 257,54. The estimate is based on VAT returns for March 2016 to June 2016 that has not been finalized by SARS. A detailed list is available at the Municipality for inspection.

40. Related parties

Relationships

Greater Tzaneen Municipality	Controlled entity
Greater Tzaneen Economic Development Agency (Pty) Ltd	Municipal Manager
SR Monakedi	Chief Financial Officer
NM Lion	Director Community Services
OZ Mkhombo	Director Civil Engineering
DS Malatji	Director Corporate Services
Vacant	Director Electrical Engineering
P van der Heever	Councillors
Refer to note 29 for list of councillors	

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions.

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 March 2004. Loans granted prior to this date as stand sale arrangement are disclosed in note 4 to the annual financial statements.

GTEDA

GTEDA is a Municipal Entity Established by Greater Tzaneen Municipality and performs the function consistent with that of an entity and can not control or influence council in making financial or operational decisions.

Mopani District Municipality

Greater Tzaneen Municipality acts as the service provider for Mopani District Municipality with regards to the water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records. Mopani District Municipality has no control over the council of Greater Tzaneen Municipality and can not influence council in making financial or operational decisions.

The municipality had no other related party transactions or balances during the financial year outside of the contractual remuneration of senior management.

There are no share based payments.

Industrial Development Corporation (IDC)

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Greater Tzaneen Municipality

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40. Related parties (continued)

Which is a major funder of GTEDA.

The major stakeholders of GTEDA is Limpopo Economic Development Agency, the former Limpop Agri-Business Development Corporation (LADC) and a strategic partner in the Makgoba Tea Estates.

Related party transactions

Grants received from related parties
Industrial Development Coporation

2 631 579

Refer to note 26 for detail of remuneration paid to Section 57 Managers and to note 28 for remuneration paid to Councillors.

Bids awarded to family of employees in service of state.

In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

Name of person	Capacity in which the person is in service	Successful tenderer	Amount
H. Makeke	Manager Human Resources	Boabab Trading	203 584
C. Van Der Merwe	Clerk HR	Algermon Traders	109 537
A. Ramaphoko	Clerk	More to Life	220 530
			533 651

Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the economic entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant at 30 June 2016.

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41. Risk management (continued)

Economic entity		Controlling entity	
At 30 June 2016	Less than 1 year Between 1 and 2 years Between 2 and 5 years Over 5 years	Less than 1 year Between 1 and 2 years Between 2 and 5 years Over 5 years	Other financial liabilities Finance lease obligation Payables from exchange transactions (excluding prepayments)
	127 626 647	127 626 647	127 626 647
	27 864 801	27 864 801	27 864 801
	253 825	253 825	253 825
	145 243 599	144 773 593	138 709 542
	-	-	-
	-	-	-
	-	-	-
	-	-	-
At 30 June 2015	Less than 1 year Between 1 and 2 years Between 2 and 5 years Over 5 years	Less than 1 year Between 1 and 2 years Between 2 and 5 years Over 5 years	Other financial liabilities Finance lease obligation Payables from exchange transactions (excluding prepayments)
	127 626 647	127 626 647	127 626 647
	27 864 801	27 864 801	27 864 801
	253 825	253 825	253 825
	145 243 599	144 773 593	139 121 764
	-	-	-
	-	-	-
	-	-	-
	-	-	-
At 30 June 2015	Less than 1 year Between 1 and 2 years Between 2 and 5 years Over 5 years	Less than 1 year Between 1 and 2 years Between 2 and 5 years Over 5 years	Other financial liabilities Finance lease obligation Payables from exchange transactions (excluding prepayments)
	127 626 647	127 626 647	127 626 647
	27 864 801	27 864 801	27 864 801
	253 825	253 825	253 825
	145 243 599	144 773 593	139 121 764
	-	-	-
	-	-	-
	-	-	-
	-	-	-

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

Potential concentrations of credit risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investments Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

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41. Risk management (continued)

Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure is disclosed below.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

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

Financial instrument	Economic entity - 2016	Economic entity - 2015	Controlling entity - 2016	Controlling entity - 2015
Receivables from exchange transactions	183 289 360	160 861 228	183 252 042	160 857 842
Receivables from non-exchange transactions	45 153 383	23 132 759	45 153 383	23 132 759
Cash and cash equivalents	55 477 361	28 404 636	54 369 420	27 977 498
Consumer debtors	1 17 092 212	1 15 629 701	1 17 092 212	1 15 629 701
Other financial assets	23 085 452	9 041 278	23 085 452	9 041 278

The method for determining the credit quality of the different financial instruments are disclosed in their individual notes.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The municipality is exposed to interest rate risk on its investments and long term borrowings.

A sensitivity analysis is done by the municipality on a continuous bases to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the municipality calculates the impact that a change in interest rate will have on the surplus / deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the municipality to re-allocate some of the investments in the event of major fluctuations in interest rates. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings at fixed rates expose the municipality to fair value interest rate risk.

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41. Risk management (continued)

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business, changes in the market prices will have a material impact on the trading results of the municipality.

Controlling entity

Risk is managed on an ongoing basis.

There has been no change, since the previous financial year to the municipality exposure to market risks on the manner which it manages and measures the risk.

42. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

43. Unauthorised expenditure

Opening balance	25 387 498	96 082 486	25 387 498	96 082 486
Unauthorised expenditure for the year	115 005 414	25 387 498	115 005 414	25 387 498
(overspending of budget)	(25 387 498)	(96 082 486)	(25 387 498)	(96 082 486)
Unauthorised expenditure awaiting write off	115 005 414	25 387 498	115 005 414	25 387 498

Unauthorised expenditure for the year is as a result of overspending of the approved budget.

A detailed list of unauthorised expenditure is available at the Municipality for inspection.

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

The unauthorised expenditure has been tabled to Council and is investigated by a committee of Council.

44. Fruitless and wasteful expenditure

Opening balance	1 359 601	5 822 006	1 359 601	5 822 006
Fruitless and wasteful expenditure	955 575	1 359 601	943 172	1 320 482
Fruitless and wasteful expenditure written off	(1 158 346)	(5 822 006)	(1 158 346)	(5 822 006)
Fruitless and wasteful expenditure recovered	162 136	-	162 136	-
Fruitless and wasteful expenditure awaiting write off	1 318 966	1 359 601	1 267 444	1 320 482

The fruitless and wasteful expenditure has been tabled to Council and is investigated by a committee of Council.

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

A detailed list of the fruitless and wasteful expenditure is available at the Municipality for inspection.

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	2016	2015	2016	2015
	Economic entity		Controlling entity	

45. Irregular expenditure

Opening balance	62 445 004	147 713 057	62 445 004	147 713 057
Add: Irregular Expenditure - current year	21 008 916	62 445 004	21 008 916	62 445 004
Add: Irregular Expenditure - prior year	25 156 534	-	25 156 534	-
adjustment after investigation	(42 060 130)	(147 713 057)	(42 060 130)	(147 713 057)
Irregular expenditure written off				
Irregular expenditure awaiting write off	66 550 324	62 445 004	66 550 324	62 445 004

Analysis of expenditure awaiting condonation per age classification

Current year	21 008 916	62 445 004	21 008 916	62 445 004
Between one year and five years	45 541 408	-	45 541 408	-
	66 550 324	62 445 004	66 550 324	62 445 004

No criminal or disciplinary steps have been taken as a consequence of the above expenditure.

A detailed list of irregular expenditure is available at the Municipality for inspection

The irregular expenditure has been tabled to Council and is investigated by a committee of Council.

Alleged irregular expenditure under investigation

The municipality had, in terms of Section 32 of the Municipal Finance Management Act (no. 56 of 2003), conducted an investigation/ forensic audit regarding alleged irregular expenditure committed by municipal officials.

The disciplinary process was not finalized as at 30 June 2016. It is therefore not possible to quantify the amount of the alleged irregular expenditure and to identify related parties linked to the allegations.

Once the process is concluded the matter will be resolved by Council.

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year subscription / fee	2 515 111	2 115 601	2 515 111	2 115 601
Amount paid - current year	(2 515 111)	(2 115 601)	(2 515 111)	(2 115 601)
	-	-	-	-

Skills Development Levy

Current year subscription / fee	2 404 298	2 238 674	2 382 440	2 238 674
Amount paid - current year	(2 404 298)	(2 238 674)	(2 382 440)	(2 238 674)
	-	-	-	-

Audit fees

Current year subscription / fee	4 469 309	3 568 980	4 136 665	3 161 536
Amount paid - current year	(4 469 309)	(3 568 980)	(4 136 665)	(3 161 536)
	-	-	-	-

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

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

PAYE and UIF

Current year subscription / fee	52 087 877	45 430 256	51 278 273	45 430 256
Amount paid - current year	(52 087 877)	(45 430 256)	(51 278 273)	(45 430 256)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	61 426 163	58 099 812	61 426 163	58 099 812
Amount paid - current year	(61 426 163)	(58 099 812)	(61 426 163)	(58 099 812)
	-	-	-	-

Bargaining Council Levy

Current year levy	126 472	125 786	126 472	125 786
Amount paid - current year	(126 472)	(125 786)	(126 472)	(125 786)
	-	-	-	-

VAT

VAT payable	31 557 124	30 758 694	29 844 327	29 626 345
-------------	------------	------------	------------	------------

VAT output payables and VAT input receivables are shown in note 15.

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

Councillors' arrears consumer accounts

There following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016.

30 June 2016

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor: ML Mokgobi	2 286	18 356	20 642
Councillors: RP Nghonyama	2 135	15 062	17 197
	<u>4 421</u>	<u>33 418</u>	<u>37 839</u>

Both councillors had not been re-elected and the outstanding accounts will be deducted from the final payment made to them and/or claimed from their pension fund.

47. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred have been approved.

Notes to the Consolidated Financial Statements

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

	Figures in Rand		
	2016	2015	2015
Economic entity			
Controlling entity			

48. Deviation from supply chain management regulations

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

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

Deviation from supply chain management regulations did occur:

Incident	2016	2015	2015
Deviation from supply chain management processes	5 576 951	7 431 803	5 576 951
Deviation from supply chain management processes			7 431 803

A detailed deviation register is available at the Municipality for inspection.

49. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	2016	2015	2015
	155 491 448	107 631 295	155 491 448
			107 631 295

External loans have been utilized in accordance with the Municipal Finance Management Act. Refer to note 12 for more detail regarding long-term borrowings.

50. Distribution losses

Electricity distribution losses	2016	2015	2015
Units purchased (kWh)	387 260 290	383 896 085	387 260 290
Units lost during distribution (kWh)	75 794 203	68 436 891	75 794 203
Percentage lost during distribution	19.57 %	17.83 %	19.57 %
Rand value	59 812 445	54 726 095	59 812 445
			54 726 095

There is no possibility of recovering any of the material losses.

51. Budget differences

Material differences between budget and actual amounts

51.1 Explanation of variances between approved and final budget

The variance between the approved and final budget is due to adjustments approved on the adjustment budget and virements approved by directors. The increase in the Capital Budget is due to Capital projects rolled over from the previous financial year.

51.2 Explanation of variances greater than 10% between the final budget and actual amounts as disclosed in Appendix E(1) to the Annual Financial Statements.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Financial Statements

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51. Budget differences (continued)

Revenue

Property rates

The valuation roll lead to the discovery of property that was not provided for in the budget.

Rental of facilities and equipment

The higher than anticipated income is due to the increase in rental agreements.

Interest received

The variance is the result of interest earned on higher investment balance than anticipated. This is a result of continually favourable cashflows during the financial year.

Fines

This increase is the result of cameras used for traffic control which lead to the increase in traffic fine income, more intense law enforcement.

Service charges

The lower than expected revenue on service charges is due to lower than anticipated revenue billed for electricity.

Income from agency fees

The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue.

Licences and permits

The variance is due higher than expected revenue from issuing of licences and permits especially building plans approved and clearance certificates issued.

Other income

This higher than anticipated income is due to higher than expected revenue on almost all items especially stores handling fees and grant administration.

Expenditure

Collection cost

Variance due to higher than anticipated commission paid to the collection agency, which is based on the actual income received.

Finance cost

The higher than anticipated finance cost is due to loans taken up to finance INEP projects as a front loading programme.

Debt impairment

The variance is due to the debt collection strategy. The impairment of traffic fines is however the highest contributing factor

Grants and subsidies paid

The variance is due to the lower than anticipated amount paid to comply with National Treasury requirements.

52. Fair value adjustments

Investment property (Fair value model)

(1 146 000)

(1 146 000)

(335 000)

(335 000)

(1 146 000)

(1 146 000)

(335 000)

(335 000)

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	2016	2015	2016	2015
	Economic entity		Controlling entity	

53. Investment revenue

Interest revenue
Interest received - investment
Interest received - trading

6 850 014	2 381 124	12 090 607	6 850 014	2 381 124
12 328 408	12 090 607	12 312 153	12 057 486	12 057 486
19 178 422	14 471 731	19 162 167	14 438 610	14 438 610

An amount of R 3 516 059 (2015: R 1 301 962) included in investment revenue arises from fixed deposit transactions amounting to R 167 205 619 (2015: R 262 502 021), while the balance of R 3 333 955 (2015: R 1 079 162) arises from interest received on the municipalities current bank account.

54. Fines revenue

Revenue for traffic fines issued
Other fines

34 984 150	38 578 185	541 728	38 578 185	541 728
512 797	512 797	512 797	512 797	512 797
35 496 947	39 119 913	35 496 947	39 119 913	39 119 913

55. Loss on disposal of assets

Property, plant and equipment
Investment property
Stands held for sale

1 289 927	(105 336)	1 289 927	(105 336)	1 289 927
(1 400 000)	(1 560 000)	(1 400 000)	(1 560 000)	(1 560 000)
(478 950)	(87 730)	(478 950)	(87 730)	(87 730)
(589 023)	(1 753 066)	(589 023)	(1 753 066)	(1 753 066)

56. Public contributions and donations

Conditions still to be met - remain liabilities (see note 17)

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

57. Depreciation and amortisation

Property, plant and equipment
Intangible assets

121 919 971	118 004 647	120 287 620	117 984 922	117 984 922
811 841	272 882	792 332	250 694	250 694
122 731 812	118 277 529	121 079 952	118 235 616	118 235 616

58. Debt impairment

Receivables from exchange transactions
Consumer debtors
Receivables from non-exchange transactions

5 571 113	4 451 570	5 571 113	4 451 570	4 451 570
49 876 091	21 151 689	49 876 091	21 151 689	21 151 689
8 416 534	10 184 621	8 416 534	10 184 621	10 184 621
63 863 738	35 787 880	63 863 738	35 787 880	35 787 880

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand

59. Change in estimate

Property, plant and equipment

The municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets remaining useful lives to change from ten (10) to eleven (11) years on average. The effect of the change in accounting estimates has resulted in a decrease of depreciation amounting to R 8 470 900 for the current period. The effect on future periods could not reasonably be determined.

The change in estimates affected the following classes of assets:

- Infrastructure assets
- Community assets
- Other assets

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2016

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60. Prior period errors

The correction of the errors are as follows:

Statement of Financial Position 2014

R 783227 PPE

2014/06/30 Capitalisation of infrastructure assets not previously capitalised R108 491.23
 2014/06/30 Reduction of Work in progress due to projects completed in the prior year -R108 491.23
 2014/06/30 Capitalisation of infrastructure installed in the prior year R536 723.10
 2014/06/30 reduction of Work in progress due to projects completed in the prior year -R536 723.10
 2014/06/30 Accumulated depreciation of infrastructure assets previously not capitalised in the prior year -R21 618.01
 2014/06/30 Accumulated depreciation of electricity assets previously not on asset register of R 1 133 364
 2014/06/30 Capitalisation of electricity assets previously not on asset register of R 1 133 364
 2014/06/30 Accumulated depreciation of assets not previously on asset register of R 317 520

R 24 327 913 Accumulated Surplus

2014/06/30 Accumulated Depreciation for Infrastructure assets previously not capitalised -R10 999.81
 2014/06/30 Accumulated depreciation of Infrastructure assets not capitalised in the prior year -R21 618.01
 2014/06/30 Deficit on water and sewer services MDM R25 111 141.00
 2014/06/30 Cost of assets not previously on asset register of -R 1 133 364.00
 2014/06/30 Accumulated depreciation of -R317 520.00 for assets not previously on asset register

Statement of Financial Position 2015

R 10 832 458.49 PPE

2014/06/30 Capitalisation of infrastructure assets not previously capitalised R108 491.23
 2014/06/30 Reduction of Work in progress due to projects completed in the prior year -R108 491.23
 2014/06/30 Capitalisation of infrastructure installed in the prior year R536723.10
 2014/06/30 reduction of Work in progress due to projects completed in the prior year -R536 723.10
 2014/06/30 Accumulated Depreciation for Infrastructure assets previously not capitalised -R10 999.81
 2014/06/30 Accumulated depreciation of Infrastructure assets not capitalised in the prior year -R21 618.01
 2015/06/30 Capitalisation of infrastructure assets due liability owed to contractors R3 280 794.92
 2015/06/30 Accumulated Depreciation for Infrastructure assets previously not capitalised -R303.78
 2015/06/30 Accumulated Depreciation for Infrastructure assets previously not capitalised -R10 849.12
 2015/06/30 Capitalisation of infrastructure assets not previously capitalised R468 800.19
 2015/06/30 Re-allocation of Work in Progress not capitalised R195 592.40
 2015/06/30 Accumulated depreciation of infrastructure assets not previously capitalised -R2 886.92
 2015/06/30 Capitalisation of infrastructure due to incorrect amount capitalised R137 030.30
 2015/06/30 Accumulated depreciation of infrastructure assets not capitalised in the prior year -R26 836.16
 2015/06/30 Capitalisation of Electricity Infrastructure completed in the prior year -R6 808 801.26
 2015/06/30 Reduction of work in progress due to electricity project completed in the prior year -R6 808 801.26
 2015/06/30 Accumulated depreciation of Electricity infrastructure completed in the prior year -R281 190.12
 2015/06/30 Reduction of work in progress due to RAL roads incorrectly classified as PPE -R14 560 007.38

R 3 280 795 Accounts Payable

2015/06/30 Capitalisation of infrastructure assets due liability owed to contractors R3 280 794.92

R 539 331

Accumulated Surplus

2015/06/30 Incorrect allocation of bursary loan balance R539 331.00

R 539 331

Bursary loans

2015/06/30 Incorrect allocation of bursary loan balance R539 331.00

Greater Tzaneen Municipality		Consolidated Financial Statements for the year ended 30 June 2016	
Notes to the Consolidated Financial Statements			
Figures in Rand			
60. Prior period errors (continued)			
Liabilities			
Current Liabilities			
Other financial liabilities			
(12 014 682)			
(2 171 874)			
(148 221 598)			
(28 223 389)			
(18 436 179)			
(44 079 479)			
(2 614 676)			
(107 631 295)			
(415 637)			
(63 783 845)			
(3 159 975)			
1 747 697 668			
Accumulated surplus			
Statement of Financial Position			
Controlling entity:			
2015 previously reported			
Correction of errors			
2015 Restated			
Assets			
Current Assets			
Inventories			
17 368 355			
1 483 913			
117 080			
185 429 651			
(24 571 809)			
160 857 842			
23 132 759			
115 629 701			
27 977 498			
189 945 000			
(1 400 000)			
1 670 008 187			
(10 061 948)			
1 659 946 239			
840 181			
7 557 365			
Liabilities			
Current Liabilities			
Other financial liabilities			
(13 122 036)			
(576 879)			
-			
(3 280 809)			
(143 104 321)			
(29 626 345)			
(21 032 333)			
(60 435 514)			
(2 488 580)			
(94 509 259)			
(253 826)			
(76 324 822)			
(3 475 973)			
1 773 960 053			
Accumulated surplus			
Statement of Financial Position			
Controlling entity:			
2015 previously reported			
Correction of errors			
2015 Restated			
Assets			
Current Assets			
Inventories			
17 368 355			
1 483 913			
117 080			
185 429 651			
(24 571 809)			
160 857 842			
23 132 759			
115 629 701			
27 977 498			
189 945 000			
(1 400 000)			
1 670 008 187			
(10 061 948)			
1 659 946 239			
840 181			
7 557 365			
Liabilities			
Current Liabilities			
Other financial liabilities			
(13 122 036)			
(576 879)			
-			
(3 280 809)			
(143 104 321)			
(29 626 345)			
(21 032 333)			
(60 435 514)			
(2 488 580)			
(94 509 259)			
(253 826)			
(76 324 822)			
(3 475 973)			
1 773 960 053			
Accumulated surplus			

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

Figures in Rand

60. Prior period errors (continued)

Economic entity
Statement of Financial Performance 2014

During 2015, the entity discovered that VAT output had to be accounted for on the money received from Greater Tzaneen Municipality and IDC. VAT Output of R 672 368 that should have been recognised in 2014 were incorrectly omitted from 2014. During 2015, the entity discovered that the depreciation calculation on Property, Plant and Equipment was calculated incorrectly. Depreciation had to be reduced by an amount of R 13 594 for 2014

Controlling entity:
Statement of Financial Performance 2015

R 322 066 Depreciation

2015/06/30 Depreciation of R2 886,92 due to infrastructure assets not previously capitalized
2015/06/30 Depreciation for Infrastructure project capitalized with incorrect amount R303,78
2015/06/30 Depreciation for Electricity project not previously capitalized R10 849,12
2015/06/30 Depreciation of Electricity infrastructure completed in the prior year R26 836,16
2015/06/30 Depreciation of Electricity infrastructure completed in the prior year R281 190,12

R 801 423 Repairs and Maintenance

2015/06/30 Roads infrastructure incorrectly classified as repairs and maintenance R468 800
2015/06/30 Roads infrastructure incorrectly classified as repairs and maintenance R195 592
2015/06/30 Roads infrastructure incorrectly classified as repairs and maintenance R137 030

R 30 764 370 Traffic fines

2015/06/30 Traffic fines income recognized for the year R30 764 370

R 21 180 261 Bad debts written off: Fines

2015/06/30 Bad debt written off not accounted for R21 180 261,00

R 14 560 007 Grants and Subsidies Paid

2015/06/30 Construction of RAL roads incorrectly classified as work in progress R14 560 007,38

Economic entity:	2014	2014	2014
Statement of Financial Performance	Previously stated	Adjusted	Restated
Revenue from exchange transactions	362 004 402	-	362 004 402
Service charges	100 000	100 000	1 279 344
Rental of facilities and equipment	1 179 344	10 868 709	10 885 520
Interest received (trading)	10 868 709	6 360 327	6 360 327
Agency services	540 614	540 614	540 614
Licences and permits	540 614	19 184 925	19 184 925
Other income	19 184 925	2 180 956	2 164 145
Interest received - investment	2 180 956	(16 811)	2 164 145
Revenue from exchange transactions	316 911 237	66 345 319	66 345 319
Taxation revenue	155 300 000	4 770 262	4 770 262
Property rates - penalties imposed	3 665 353	-	3 665 353
Transfer revenue	311 692 816	(5 218 421)	311 692 816
Government grants and subsidies	155 300 000	-	155 300 000
Donations	3 665 353	-	3 665 353

Notes to the Consolidated Financial Statements

Figures in Rand

60. Prior period errors (continued)

Controlling entity: Statement of Financial Performance	2014 previously stated	Adjustment of errors	Restated 2014
Expenditure			
Employee related cost	(252 667 244)	2 394 176	(250 273 068)
Remuneration of councillors	(19 031 200)	-	(19 031 200)
Administration	(513 280)	(249 666)	(762 946)
Loss on inventory	744 777	-	744 777
Depreciation and amortisation	(111 037 880)	(19 024)	(111 056 904)
Impairment of assets	(8 404 148)	-	(8 404 148)
Finance cost	(11 786 977)	-	(11 786 977)
Lease rentals on operating lease	(219 606)	-	(219 606)
Debt impairment	(21 745 127)	-	(21 745 127)
Collection cost	(175 731)	-	(175 731)
Repairs and maintenance	(20 661 999)	(2 394 174)	(23 056 173)
Bulk purchases	(239 064 261)	-	(239 064 261)
Contracted services	(40 643 480)	-	(40 643 480)
Grants and subsidies paid	(32 291 163)	-	(32 291 163)
General expenses	(61 603 336)	4 707 997	(56 895 339)
Loss on disposal of assets	(8 090 388)	-	(8 090 388)
Fair value of adjustments	16 352 038	-	16 352 038
138 472 443		(679 112)	137 793 331
Revenue			
Revenue from exchange transactions	362 004 404	-	362 004 404
Service charges	1 179 344	-	1 179 344
Rental of facilities and equipment	10 868 709	-	10 868 709
Interest received (trading)	6 360 327	-	6 360 327
Agency services	540 614	-	540 614
Licences and permits	19 184 092	-	19 184 092
Other income	2 164 145	-	2 164 145
Interest received - investment	66 345 319	-	66 345 319
Taxation revenue	4 770 262	-	4 770 262
Property rates	309 061 237	-	309 061 237
Transfer revenue	155 300 000	-	155 300 000
Government grants and subsidies	3 665 353	-	3 665 353
Fines	(249 469 283)	2 394 176	(247 075 107)
Employee related cost	(19 031 200)	-	(19 031 200)
Remuneration of councillors	744 777	-	744 777
Loss on inventory	(110 963 755)	(32 618)	(110 996 373)
Depreciation and amortisation	(8 404 148)	-	(8 404 148)
Impairment of assets	(11 786 977)	-	(11 786 977)
Finance cost	(21 745 127)	-	(21 745 127)
Debt impairment	(175 731)	-	(175 731)
Collection cost	(20 522 496)	(2 394 174)	(22 916 670)
Repairs and maintenance	(239 064 261)	-	(239 064 261)
Bulk purchases	(40 643 481)	-	(40 643 481)
Contracted services	(32 291 163)	-	(32 291 163)
Grants and subsidies paid	(57 546 548)	-	(57 546 548)
General expenses	(8 090 388)	-	(8 090 388)
Loss on disposal of assets	16 352 038	-	16 352 038
Fair value of adjustments	138 806 063	(32 616)	138 773 447

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand

60. Prior period errors (continued)

Controlling entity: Statement of Financial Performance	2015 previously restated	Adjustment of errors	2015 Restated
Revenue			
Revenue from exchange transactions	406 980 708	-	406 980 708
Service charges	1 188 589	-	1 188 589
Rental of facilities and equipment	12 057 486	-	12 057 486
Agency services	7 205 556	-	7 205 556
Licenses and permits	711 014	-	711 014
Other income	27 323 317	10 786 426	38 109 743
Interest received - investment	2 381 124	-	2 381 124
Property rates	74 098 025	-	74 098 025
Property rates - penalties imposed	5 368 139	-	5 368 139
Transfer revenue	341 793 646	(10 786 426)	331 007 220
Government grants & subsidies	8 355 543	30 764 370	39 119 913
Fines	(244 948 968)	-	(244 948 968)
Employee related cost	(20 078 193)	-	(20 078 193)
Remuneration of councillors	(98 966)	-	(98 966)
Loss on inventory	(117 868 220)	(367 397)	(118 235 617)
Depreciation and amortisation	(1 906 738)	-	(1 906 738)
Impairment of assets	(10 485 721)	-	(10 485 721)
Debt impairment	(25 603 260)	(10 184 620)	(35 787 880)
Collection costs	(358 549)	-	(358 549)
Repairs and maintenance	(32 133 079)	801 421	(31 331 658)
Bulk purchases	(267 856 116)	-	(267 856 116)
Contracted services	(39 993 885)	-	(39 993 885)
Grants and subsidies paid	(19 712 079)	(14 560 007)	(34 272 086)
General expenses	(78 068 922)	539 329	(77 529 593)
Loss on disposal of assets and liabilities	(1 753 066)	-	(1 753 066)
Fair value adjustments	(335 000)	-	(335 000)
Surplus/(loss) for the year	26 262 385	6 993 096	33 255 481

Figures in Rand

Notes to the Consolidated Financial Statements

Greater Tzaneen Municipality
Consolidated Financial Statements for the year ended 30 June 2016

60. Prior period errors (continued)

Controlling entity:
Cash Flow Statement

	2015 previously stated	Adjustment of errors	2015 restated
Cash flows from operating activities			
Receipts	444 194 895	(375 908 949)	68 285 946
Taxation revenue	358 149 681	5 624 384	363 774 065
Grants	4 803 570	(2 422 446)	2 381 124
Interest income	4 803 570	(2 422 446)	2 381 124
Agency fees, fines and other receipts	55 614 320	(55 614 320)	-
Sale of goods and services	-	461 984 716	461 984 716
Payments	(252 789 390)	303 208	(252 486 182)
Employee costs	(422 065 730)	(63 821 451)	(485 887 181)
Suppliers	(10 287 956)	-	(10 287 956)
Finance cost	(19 712 079)	19 712 079	-
Grants and subsidies paid	(262 287 380)	3 668 977	(258 618 403)
Transfers from work in progress	133 911 258	6 808 801	140 720 059
Additions to property, plant and equipment	105 336	(9 453 336)	(9 348 000)
Proceeds on disposals of property, plant and equipment	(9 348 000)	8 413 359	(934 641)
Additions to investment property	(193 066)	(1 178 041)	(1 371 107)
Proceeds from sale of investment property	(934 641)	934 641	-
Additions to intangible assets	(1 036 108)	1 036 108	-
Increase in financial assets	-	(87 730)	(87 730)
Loss on disposal of assets	-	-	-
Cash flow from financing activities	(12 014 681)	-	(12 014 681)
Repayment of other financial liabilities	(1 954 571)	-	(1 954 571)
Finance lease payments	-	-	-
4 155 458	4 155 458	-	4 155 458

Schedule of external loans as at 30 June 2016

	Balance at 30 June 2015	Received during the period	Redeemed during the period	Balance at 30 June 2016
	Rand	Rand	Rand	Rand
Annuity loans				
DBSA	-	31 300 000	-	31 300 000
ABSA	24 222 191	-	3 359 487	20 862 704
DBSA	36 566 940	-	1 516 728	35 050 212
INCA	11 483 319	-	2 797 996	8 685 323
STANDARD BANK	14 186 430	-	2 844 600	11 341 830
STANDARD BANK	6 172 416	-	2 921 036	3 251 380
Loan stock				
STANDARD BANK	-	30 000 000	-	30 000 000
DEVELOPMENT BANK OF SA	15 000 000	-	-	15 000 000
Total external loans	92 631 296	31 300 000	13 439 847	110 491 449
Annuity loans	92 631 296	31 300 000	13 439 847	110 491 449
Loan stock	15 000 000	30 000 000	-	45 000 000
Total external loans	107 631 296	61 300 000	13 439 847	155 491 449

Greater Tzaneen Municipality
Greater Tzaneen Municipality
Appendix B
 June 2016

Analysis of property, plant and equipment as at 30 June 2016
Cost/Revaluation
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings	108 830 310	-	-	-	-	-	108 830 310	-	-	-	-	-	-	108 830 310
Land	108 830 310	-	-	-	-	-	108 830 310	-	-	-	-	-	-	108 830 310
Infrastructure	1 131 264 675	70 245 893	-	-	-	-	1 201 510 568	(414 923 903)	-	-	(70 410 676)	(2 290 765)	(487 625 344)	713 885 224
Roads	41 532 409	-	-	-	-	-	41 532 409	(22 840 387)	-	-	(2 987 561)	-	(24 517 948)	15 824 461
Storm water	1 577 142	-	-	-	-	-	1 577 142	(293 307)	-	-	(51 353)	-	(344 660)	1 232 482
Solid Waste	374 291	398 646	-	-	-	-	772 937	(124 718)	-	-	(22 283)	-	(146 981)	626 956
Buildings	18 969 256	7 524 843	-	-	-	-	26 494 099	(2 497 355)	-	-	(887 523)	(77 402)	(3 472 280)	22 421 819
Reticulation	44 413 261	-	-	-	-	-	44 413 261	(7 624 938)	-	-	(1 578 547)	(9 203 485)	(9 203 485)	35 209 776
Refuse sites	191 751	-	-	-	-	-	191 751	(38 403)	-	-	(19 175)	-	(57 578)	134 173
Airports	203 695	-	-	-	-	-	203 695	(91 739)	-	-	(23 579)	-	(115 318)	88 377
Plant and Machinery	347 170	-	-	-	-	-	347 170	(195 041)	-	-	(23 118)	-	(208 159)	139 011
Traffic	198 000	-	-	-	-	-	198 000	(39 654)	-	-	(19 800)	-	(59 454)	138 546
Water	885 130 732	4 042 489	-	-	-	-	889 173 221	(298 925 414)	-	-	(35 182 764)	(33 165 076)	(368 273 254)	520 899 967
Electricity	5 914 967	410 622	-	-	-	-	6 325 589	(3 070 630)	-	-	(287 569)	-	(2 288 198)	3 027 391
Land and Buildings	2 129 817 349	82 622 493	-	-	-	-	2 212 139 842	(761 536 683)	-	-	(111 383 927)	(35 533 243)	(898 512 853)	1 313 628 989
Community Assets	28 989 500	31 536	-	-	-	-	28 401 036	(1 788 918)	-	-	(113 457)	-	(1 902 376)	26 498 661
Parks & gardens	41 929	438 440	-	-	-	-	480 369	(20 380)	-	-	(14 665)	-	(35 045)	445 324
Fencing	11 901 760	152 640	-	-	-	-	12 054 400	(3 002 126)	-	-	(382 065)	-	(3 384 191)	8 070 219
Roads	15 975 000	937 802	-	-	-	-	16 912 802	(7 128 542)	-	-	(562 191)	-	(7 690 733)	8 622 069
Municipal offices	7 590 000	192 888	-	-	-	-	7 782 888	(796 109)	-	-	(53 527)	-	(839 636)	6 703 252
Libraries	862 000	-	-	-	-	-	862 000	(48 738)	-	-	(3 319)	-	(52 057)	809 943
Traffic centre	1 300 000	7 643	-	-	-	-	1 307 643	(235 832)	-	-	(16 059)	-	(251 891)	1 055 753
Museums	128 586	-	-	-	-	-	128 586	(128 586)	-	-	-	-	-	-
Airports	8 430 667	-	-	-	-	-	8 430 667	(5 960 074)	-	-	(941 797)	-	(6 801 871)	14 745 374
Recreational facilities	3 702 000	75 737	-	-	-	-	3 777 737	(302 555)	-	-	(18 881)	-	(321 436)	3 456 301
Cometries	597 216	812 423	-	-	-	-	1 409 639	(298 813)	-	-	(100 195)	-	(399 009)	1 010 630
Road and Subgrade	1 070 152	8 072 893	-	-	-	-	9 143 036	(431 993)	-	-	(322 332)	-	(754 325)	8 388 710
Buildings	1 296 000	-	-	-	-	-	1 296 000	-	-	-	-	-	-	1 296 000
Land and buildings	79 824 810	23 838 570	-	-	-	-	103 663 380	(20 133 686)	-	-	(2 428 478)	-	(22 561 144)	81 102 236

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2016

Analysis of property, plant and equipment as at 30 June 2016
 Cost/Revaluation
 Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Work in progress														
Work in progress	83 071 588	67 335 021	-	(94 136 381)	-	-	56 470 228	-	-	-	-	-	-	56 470 228
	83 071 588	67 335 021	-	(94 136 381)	-	-	56 470 228	-	-	-	-	-	-	56 470 228
Leased assets														
Leased assets	12 458 611	-	(85 424)	-	-	-	12 373 187	(8 409 246)	85 423	-	(710 453)	-	(9 034 276)	3 338 911
	12 458 611	-	(85 424)	-	-	-	12 373 187	(8 409 246)	85 423	-	(710 453)	-	(9 034 276)	3 338 911
Other assets														
Computer equipment	7 484 871	313 365	(56 278)	-	-	-	7 741 958	(4 682 872)	55 610	-	(682 004)	-	(5 289 268)	2 452 692
Furniture and fittings	2 150 602	34 651	(18 196)	-	-	-	2 167 057	(1 418 164)	18 082	-	(125 049)	-	(1 528 131)	541 926
Office Equipment	3 248 452	3 959	(695 025)	-	-	-	2 857 386	(2 490 482)	609 692	-	(210 602)	-	(2 091 482)	465 924
Electricity	36 299	-	-	-	-	-	36 299	(37 894)	-	-	(4 693)	-	(42 587)	19 712
Plant and Machinery	9 192 192	1 377 007	(1 76 962)	-	-	-	10 392 237	(5 994 441)	153 153	-	(708 300)	-	(6 849 588)	3 842 649
Health Equipment	244 936	-	-	-	-	-	244 936	(231 191)	-	-	(4 029)	-	(13 939)	9 716
Parks	30 718	-	-	-	-	-	30 718	(12 403)	-	-	(1 536)	-	(234 046)	16 779
Buildings	5 416 005	-	-	-	-	-	5 416 005	(2 249 547)	-	-	(28 978)	-	(2 483 593)	2 932 412
Security Measures	632 195	-	-	-	-	-	632 195	(194 129)	-	-	(28 978)	-	(223 107)	409 088
Weapons	105 048	-	-	-	-	-	105 048	(72 139)	-	-	(6 944)	-	(79 083)	25 965
Motor Vehicles	36 719 728	-	-	-	-	-	36 719 728	(21 444 815)	-	-	(3 637 515)	-	(26 082 330)	11 637 396
Land	4 788	-	-	-	-	-	4 788	-	-	-	-	-	-	4 788
Minor Assets	1 151 096	155 706	(30 401)	-	-	-	1 276 401	(1 147 713)	30 312	-	(155 566)	-	(1 272 967)	3 434
	66 436 928	1 884 688	(976 862)	-	-	-	67 344 764	(39 985 800)	866 789	-	(5 799 262)	-	(44 888 273)	22 486 481

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2016

Analysis of property, plant and equipment as at 30 June 2016
 Cost/Revaluation
 Accumulated depreciation

	Opening Balance Rands	Additions Rands	Disposal Rands	Transfers Rands	Revaluations Rands	Other changes, movements Rands	Closing Balance Rands	Opening Balance Rands	Disposal Rands	Transfers Rands	Depreciation Rands	Impairment loss Rands	Closing Balance Rands	Carrying Value Rands
Total property plant and equipment														
Land and buildings	108 830 310	-	-	-	-	-	108 830 310	(751 595 683)	-	-	(111 383 927)	-	-	108 830 310
Infrastructure	2 129 517 349	82 622 493	-	-	-	-	2 212 139 842	(20 132 686)	-	-	(2 428 478)	(35 533 243)	(898 512 853)	1 313 626 989
Community Assets	79 824 810	23 838 570	-	(94 136 381)	-	-	103 663 380	(9 408 246)	-	-	(710 453)	-	(22 561 144)	81 102 236
Work in progress	83 071 588	67 535 021	-	-	-	-	150 606 609	(39 955 800)	85 423	-	(5 799 262)	-	(9 034 276)	56 470 228
Leased assets	12 458 811	-	(85 424)	-	-	-	12 373 387	(39 955 800)	866 799	-	(811 841)	-	(44 888 273)	3 338 911
Other assets	66 436 928	1 894 688	(976 862)	-	-	-	67 344 754	-	-	-	-	-	(44 888 273)	22 456 481
	2 480 139 596	175 880 772	(1 062 286)	(94 136 381)	-	-	2 560 821 701	(820 093 395)	952 212	-	(120 322 120)	(35 533 243)	(874 996 546)	1 586 828 155
Intangible Assets														
Computer software	1 328 983	542 641	-	-	-	-	1 871 624	(454 385)	-	-	(805 509)	(9 365)	(1 259 259)	602 365
Website	45 051	-	-	-	-	-	45 051	(38 294)	-	-	(6 332)	-	(44 626)	426
	1 374 034	542 641	-	-	-	-	1 916 675	(492 679)	-	-	(811 841)	(9 365)	(1 313 885)	602 790
Investment properties														
Investment property	188 545 000	6 700 000	-	-	-	(1 146 000)	194 099 000	-	-	-	-	-	-	194 099 000
	188 545 000	6 700 000	-	-	-	(1 146 000)	194 099 000	-	-	-	-	-	-	194 099 000
Total														
Land and buildings	108 830 310	-	-	-	-	-	108 830 310	(751 595 683)	-	-	(111 383 927)	(35 533 243)	(898 512 853)	1 313 626 989
Infrastructure	2 129 517 349	82 622 493	-	-	-	-	2 212 139 842	(20 132 686)	-	-	(2 428 478)	-	(22 561 144)	81 102 236
Community Assets	79 824 810	23 838 570	-	(94 136 381)	-	-	103 663 380	(9 408 246)	-	-	(710 453)	-	(9 034 276)	56 470 228
Work in progress	83 071 588	67 535 021	-	-	-	-	150 606 609	(39 955 800)	85 423	-	(5 799 262)	-	(44 888 273)	3 338 911
Leased assets	12 458 811	-	(85 424)	-	-	-	12 373 387	(39 955 800)	866 789	-	(811 841)	-	(44 888 273)	22 456 481
Other assets	66 436 928	1 894 688	(976 862)	-	-	-	67 344 754	-	-	-	-	-	(44 888 273)	22 456 481
Intangible Assets	1 374 034	542 641	-	-	-	-	1 916 675	(492 679)	-	-	(811 841)	(9 365)	(1 313 885)	602 790
Investment properties	188 545 000	6 700 000	-	-	-	(1 146 000)	194 099 000	-	-	-	-	-	-	194 099 000
	2 670 088 530	183 123 413	(1 062 286)	(94 136 381)	-	(1 146 000)	2 766 837 576	(820 586 074)	952 212	-	(121 133 961)	(35 542 508)	(976 310 431)	1 780 525 945

Greater Tzaneen Municipality
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 June 2016

Analysis of property, plant and equipment as at 30 June 2015
 Cost/Revaluation
 Accumulated depreciation

	Opening Balance Rands	Additions Rands	Disposals Rands	Transfers Rands	Revaluations Rands	Other changes, movements Rands	Closing Balance Rands	Opening Balance Rands	Disposals Rands	Transfers Rands	Depreciation Rands	Impairment loss Rands	Closing Balance Rands	Carrying value Rands
Land and buildings														
Land	108 830 310	-	-	-	-	-	108 830 310	-	-	-	-	-	-	108 830 310
Infrastructure														
Roads	992 960 392	138 904 284	-	-	-	-	1 131 864 676	(347 393 364)	-	-	(65 623 802)	(1 906 738)	(414 923 904)	716 340 772
Storm water	41 532 409	-	-	-	-	-	41 532 409	(20 299 264)	-	-	(2 547 123)	-	(22 840 387)	18 692 022
Solid Waste	1 577 142	-	-	-	-	-	1 577 142	(242 148)	-	-	(51 353)	-	(293 501)	1 283 641
Buildings	374 291	-	-	-	-	-	374 291	(104 001)	-	-	(20 747)	-	(124 748)	249 543
Recreation	14 397 603	3 971 653	-	-	-	-	18 369 256	(1 911 628)	-	-	(865 730)	-	(2 497 358)	15 871 900
Refuse sites	44 413 261	-	-	-	-	-	44 413 261	(6 046 391)	-	-	(1 578 547)	-	(7 624 938)	36 786 323
Airports	191 751	-	-	-	-	-	191 751	(19 228)	-	-	(19 175)	-	(38 403)	153 348
Plant and Machinery	203 695	-	-	-	-	-	203 695	(51 000)	-	-	(40 739)	-	(91 739)	111 955
Traffic	347 170	-	-	-	-	-	347 170	(161 923)	-	-	(23 118)	-	(185 041)	162 129
Water	198 000	-	-	-	-	-	198 000	(19 854)	-	-	(19 800)	-	(39 654)	158 346
Electricity	883 695 818	1 607 746	-	-	-	-	885 303 564	(263 341 613)	67 496	-	(36 651 287)	-	(299 926 414)	585 205 318
Land and Buildings	5 914 967	-	-	-	-	-	5 914 967	(2 720 475)	-	-	(290 155)	-	(3 010 630)	2 904 337
	1 985 208 499	144 483 683	(172 832)	-	-	-	2 129 817 350	(642 304 887)	67 496	-	(107 461 556)	(1 906 738)	(761 598 686)	1 377 921 686
Community Assets														
Parks & gardens	28 369 500	-	-	-	-	-	28 369 500	(1 555 418)	-	-	(223 500)	-	(1 788 918)	26 580 582
Fencing	41 929	-	-	-	-	-	41 929	(16 786)	-	-	(3 594)	-	(20 380)	21 549
Roads	11 301 760	-	-	-	-	-	11 301 760	(2 622 200)	-	-	(379 926)	-	(3 002 126)	8 299 634
Municipal offices	15 375 000	-	-	-	-	-	15 375 000	(6 566 350)	-	-	(562 192)	-	(7 128 542)	8 246 458
Libraries	7 350 000	-	-	-	-	-	7 350 000	(700 411)	-	-	(85 698)	-	(786 109)	6 563 891
Traffic centre	862 000	-	-	-	-	-	862 000	(43 425)	-	-	(5 313)	-	(48 738)	813 262
Museums	1 300 000	-	-	-	-	-	1 300 000	(210 123)	-	-	(25 709)	-	(235 832)	1 064 168
Airports	128 586	-	-	-	-	-	128 586	(128 586)	-	-	-	-	-	-
Recreational facilities	8 430 667	-	-	-	-	-	8 430 667	(5 294 136)	-	-	(665 936)	-	(5 950 074)	2 470 593
Cemeteries	3 702 000	-	-	-	-	-	3 702 000	(264 755)	-	-	(37 800)	-	(302 555)	3 399 445
Road and Subgrade	597 216	-	-	-	-	-	597 216	(238 091)	-	-	(59 722)	-	(298 813)	298 403
Buildings	1 070 152	-	-	-	-	-	1 070 152	(324 020)	-	-	(107 973)	-	(431 993)	638 159
Land and Buildings	1 296 000	-	-	-	-	-	1 296 000	-	-	-	-	-	-	1 296 000
	79 824 810	-	-	-	-	-	79 824 810	(17 975 301)	-	-	(2 157 365)	-	(20 132 666)	69 692 144

Greater Tzaneen Municipality
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June 2016

Analysis of property, plant and equipment as at 30 June 2015
Cost/Revaluation
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying Value Rand
Work in Progress														
Work in Progress	112 096 535	111 695 112	-	(140 720 059)	-	-	83 071 588	-	-	-	-	-	-	83 071 588
	112 096 535	111 695 112	-	(140 720 059)	-	-	83 071 588	-	-	-	-	-	-	83 071 588
Leased Assets														
Leased Assets	11 984 909	473 702	-	-	-	-	12 458 611	(7 549 389)	-	-	(859 858)	-	(8 409 247)	4 049 364
	11 984 909	473 702	-	-	-	-	12 458 611	(7 549 389)	-	-	(859 858)	-	(8 409 247)	4 049 364
Other assets														
Computer Equipment	6 786 394	718 477	-	-	-	-	7 484 871	(3 910 979)	-	-	(851 883)	-	(4 662 872)	2 821 999
Furniture and Fittings	2 048 319	102 284	-	-	-	-	2 150 603	(1 195 634)	-	-	(221 531)	-	(1 418 165)	732 438
Office Equipment	3 080 272	188 181	-	-	-	-	3 268 453	(2 199 610)	-	-	(250 881)	-	(2 490 491)	757 962
Electricity	56 289	-	-	-	-	-	56 289	(33 201)	-	-	(4 893)	-	19 405	19 405
Plant and Machinery	9 080 038	112 154	-	-	-	-	9 192 192	(5 145 554)	-	-	(848 887)	-	(5 994 441)	3 197 751
Health Equipment	244 936	-	-	-	-	-	244 936	(214 112)	-	-	(17 079)	-	(231 191)	13 745
Parks	30 718	-	-	-	-	-	30 718	(10 867)	-	-	(1 536)	-	(12 403)	18 315
Buildings	5 416 005	-	-	-	-	-	5 416 005	(1 973 771)	-	-	(275 776)	-	(2 249 547)	3 166 458
Security Measures	632 195	-	-	-	-	-	632 195	(165 151)	-	-	(28 978)	-	(194 129)	438 066
Weapons	105 048	-	-	-	-	-	105 048	(64 801)	-	-	(7 338)	-	(72 139)	32 909
Motor Vehicles	35 898 739	820 987	-	-	-	-	36 719 726	(16 246 984)	-	-	(5 197 832)	-	(21 444 816)	15 274 910
Land	4 788	-	-	-	-	-	4 788	-	-	-	(23 795)	-	(1 147 713)	4 788
Minor assets	1 127 259	23 826	-	-	-	-	1 151 085	(1 123 918)	-	-	-	-	-	3 382
	64 471 020	1 965 909	-	-	-	-	66 436 929	(32 186 682)	-	-	(7 770 219)	-	(39 956 801)	26 481 128

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2016

Analysis of property, plant and equipment as at 30 June 2015
 Cost/Revaluation
 Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying Value Rand
Total property plant and equipment														
Land and buildings	1 088 830 310	144 483 683	(172 832)	-	-	-	1 088 830 310	(642 304 887)	67 496	-	(107 451 556)	(1 906 738)	(751 696 686)	1 377 921 665
Infrastructure	1 985 206 499	-	-	-	-	-	1 985 206 499	(17 975 301)	-	-	(2 157 365)	-	(20 132 666)	59 692 144
Community Assets	79 824 810	-	-	(140 720 059)	-	-	79 824 810	83 071 688	-	-	(859 858)	-	(8 409 247)	4 049 364
Work in Progress	112 096 535	111 695 112	-	-	-	-	223 791 647	(7 549 389)	-	-	(7 770 219)	-	(39 965 801)	26 481 128
Leased Assets	11 984 909	473 702	-	-	-	-	12 458 611	(32 185 582)	-	-	(303 257)	-	(492 679)	881 355
Other assets	64 471 020	934 640	-	-	-	-	65 405 660	(189 422)	-	-	-	-	-	65 216 238
Investment properties	180 757 000	9 348 000	(1 560 000)	-	-	-	188 545 000	-	-	-	-	-	-	188 545 000
Intangible assets	2 362 414 083	258 618 406	(172 832)	(140 720 059)	-	-	2 480 139 698	(700 016 159)	67 496	-	(118 238 998)	(1 906 738)	(820 093 399)	1 660 046 199
Computer - Software	394 343	934 640	-	-	-	-	1 328 983	(189 422)	-	-	(264 963)	-	(454 385)	874 598
Website	45 051	-	-	-	-	-	45 051	(189 422)	-	-	(38 294)	-	(38 294)	6 757
Investment properties	439 394	934 640	-	-	-	-	1 374 034	(189 422)	-	-	(303 257)	-	(492 679)	881 355
Investment property	180 757 000	9 348 000	(1 560 000)	-	-	-	188 545 000	-	-	-	-	-	-	188 545 000
Total	180 757 000	9 348 000	(1 560 000)	-	-	-	188 545 000	-	-	-	-	-	-	188 545 000
Land and buildings	1 088 830 310	144 483 683	(172 832)	-	-	-	1 088 830 310	(642 304 887)	67 496	-	(107 451 556)	(1 906 738)	(751 696 686)	1 377 921 665
Infrastructure	1 985 206 499	-	-	-	-	-	1 985 206 499	(17 975 301)	-	-	(2 157 365)	-	(20 132 666)	59 692 144
Community Assets	79 824 810	-	-	(140 720 059)	-	-	79 824 810	83 071 688	-	-	(859 858)	-	(8 409 247)	4 049 364
Work in Progress	112 096 535	111 695 112	-	-	-	-	223 791 647	(7 549 389)	-	-	(7 770 219)	-	(39 965 801)	26 481 128
Leased Assets	11 984 909	473 702	-	-	-	-	12 458 611	(32 185 582)	-	-	(303 257)	-	(492 679)	881 355
Other assets	64 471 020	934 640	-	-	-	-	65 405 660	(189 422)	-	-	-	-	-	65 216 238
Investment properties	180 757 000	9 348 000	(1 560 000)	-	-	-	188 545 000	-	-	-	-	-	-	188 545 000
Intangible assets	2 362 414 083	258 618 406	(172 832)	(140 720 059)	-	-	2 480 139 698	(700 016 159)	67 496	-	(118 238 998)	(1 906 738)	(820 093 399)	1 660 046 199

Segmental analysis of property, plant and equipment as at 30 June 2016
Cos/Revaluation
Accumulated Depreciation

	Opening Balance		Additions		Disposals		Transfers		Write offs		Other changes, movements		Closing Balance		Opening Balance		Write offs		Depreciation		Impairment loss		Closing Balance		Carrying value		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Municipality																											
Mayor's Office	417 230	50 400	-	-	-	-	-	-	(7 358)	-	-	-	460 272	(245 846)	7 358	(37 884)	-	-	(37 884)	-	-	-	(275 372)	183 900			
Municipal Manager	884 034	52 959	-	-	-	-	-	-	(21 165)	-	-	-	916 828	(318 438)	19 587	(83 386)	-	-	(83 386)	-	-	-	(392 217)	523 611			
Planning and Development	2 510 772	320 614	-	-	-	-	-	-	(13 679)	-	-	-	2 497 093	(1 060 974)	13 679	(222 352)	-	-	(222 352)	-	-	-	(1 289 647)	1 237 446			
Financial Service	4 178 039	543 676	-	-	-	-	-	-	(53 382)	-	-	-	4 446 291	(2 747 710)	51 965	(462 628)	-	-	(462 628)	-	-	-	(3 186 373)	1 286 918			
Corporate Service	3 285 163	180 533	-	-	-	-	-	-	(349 381)	-	-	-	3 479 668	(2 273 194)	316 098	(237 846)	-	-	(237 846)	-	-	-	(1 984 942)	1 284 716			
Engineering Service	27 862 505	474 407	-	-	-	-	-	-	(190 884)	-	-	-	27 852 144	(16 093 093)	148 483	(2 580 622)	-	-	(17 561 232)	-	-	-	(17 525 232)	10 325 912			
Community Service	17 206 957	261 899	-	-	-	-	-	-	(224 269)	-	-	-	17 457 956	(12 375 059)	214 962	(1 281 891)	-	-	(1 066 929)	-	-	-	(13 441 968)	4 015 127			
Electrical Engineering	6 133 279	82 622 493	-	-	-	-	-	-	(111 342)	-	-	-	6 283 836	(3 710 956)	89 527	(620 503)	-	-	(4 241 832)	-	-	-	(4 241 832)	2 042 004			
Infrastructure	2 129 517 348	542 641	-	-	-	-	-	-	-	-	-	2 212 139 842	(751 595 683)	-	(111 383 927)	-	-	(35 533 243)	-	-	-	(898 512 853)	1 313 625 989				
Intangible	1 374 034	-	-	-	-	-	-	-	-	-	-	1 916 675	(492 679)	-	(811 841)	-	-	(9 365)	-	-	-	(1 313 885)	602 790				
Land	108 830 310	-	-	-	-	-	-	-	-	-	-	108 830 310	(8 409 246)	85 424	(710 453)	-	-	-	-	-	-	(9 034 279)	3 538 912				
Leased	12 458 611	-	-	-	-	-	-	-	(85 424)	-	-	-	12 373 187	-	-	-	-	-	-	-	-	-	-	194 099 000			
Investment Properties	188 345 000	6 700 000	-	-	-	-	-	-	-	-	-	194 099 000	-	-	-	-	-	-	-	-	-	-	-	56 470 228			
WIP	83 071 588	67 535 021	-	-	-	-	-	-	-	-	-	66 470 228	-	-	-	-	-	-	-	-	-	-	-	1 205			
Disaster Management	1 754	-	-	-	-	-	-	-	(94 136 381)	-	-	-	1 754	(198)	5 130	(351)	-	-	(449)	-	-	-	(2 283 143)	1 539 918			
Transport, Safety and Liaison	3 838 453	-	-	-	-	-	-	-	(5 392)	-	-	-	3 833 061	(2 047 564)	-	(250 679)	-	-	(250 679)	-	-	-	(2 298 243)	81 102 236			
Community assets	79 824 810	23 638 570	-	-	-	-	-	-	-	-	-	103 663 380	(20 132 685)	-	(2 428 479)	-	-	(6 145)	-	-	-	(22 561 144)	5 215				
CEO's Office	46 687	-	-	-	-	-	-	-	-	-	-	46 687	(35 328)	-	(4 986)	-	-	-	-	-	-	-	(48 537)	9 507			
Project Unit	58 038	-	-	-	-	-	-	-	-	-	-	58 038	(43 535)	-	-	-	-	-	-	-	-	-	-	-	-		
	2 670 044 533	183 123 413	-	-	-	-	-	-	(1 062 286)	-	-	(1 146 000)	2 765 823 379	(820 672 078)	952 213	(121 133 963)	-	-	(35 542 608)	-	-	-	(876 296 436)	1 780 525 544			

Greater Tzaneen Municipality
Appendix E(1)
June 2016

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2016

Current year	Adjusted budget 2016	Variance	Explanation of Significant Variances greater than 10% versus Budget
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Current year	Adjusted budget 2016	Variance	Explanation of Significant Variances greater than 10% versus Budget
74 146 340	61 583 274	12 563 066	20.4 The increase is due to normal increases and the improvement of buildings
Service charges	450 104 468	483 425 954	(33 321 486) (6.9) The lower than expected revenue on service charges is due to lower than anticipated revenue billed for electricity
Property rates - penalties	5 186 759	5 000 000	186 759 3.7
imposed Rental of facilities and equipment	1 333 677	959 100	374 577 39.1 Increase in lease payments
Interest received - outstanding receivable	12 328 408	11 400 000	928 408 8.1
Income from agency services	8 004 170	43 192 708	(35 188 538) (81.5) The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue. The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed.
Fines	35 496 947	3 705 136	31 791 811 858.0
Licences and permits	721 783	647 138	74 645 11.5 The variance is due to higher than expected revenue from the issuing of licences and permits especially building plans approved and clearance certificates issued.
Government grants and subsidies	435 266 107	475 904 519	(40 638 412) (8.5) The budgeted amount includes the revenue for VAT which is regarded as own revenue
Other income	33 878 617	6 030 496	27 848 121 461.8
Interest received - other	6 850 014	1 801 000	5 049 014 280.3
Donations income	20 406 510	-	20 406 510 -
Expenses	1 083 723 800	1 093 649 325	(9 925 525) (0.9)
Employee cost	(261 187 773)	(273 288 235)	12 100 462 (4.4)
Remuneration of councillors	(21 089 938)	(22 180 856)	1 090 918 (4.9)
Depreciation	(121 133 963)	(123 290 464)	2 156 501 (1.7)
Impairments	(35 542 607)	-	(35 542 607) -
Finance costs	(11 035 121)	(9 177 237)	(1 857 884) 20.2
Debt impairment	(63 863 738)	(20 583 459)	(43 280 279) 210.3
Collection costs	(2 151 410)	(200 000)	(1 951 410) 975.7
Repairs and maintenance	(25 227 807)	(23 580 884)	(1 646 923) 7.0
Bulk purchases	(301 974 600)	(307 100 624)	5 126 024 (1.7)
Contracted Services	(38 524 348)	(42 615 637)	4 091 289 (9.6)
Grants and subsidies paid	(130 745 851)	(74 414 146)	(56 331 705) 75.7
General Expenses	(75 618 890)	(95 655 695)	20 036 805 (20.9)
Other revenue and costs	(1 088 096 046)	(992 087 237)	(96 008 809) 9.7
Gain or loss on disposal of assets	(589 023)	2 300 000	(2 889 023)(125.6)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June
 2016

Current year 2012 Act. Bal.	Current year 2012 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
(1 146 000)	-	(1 146 000)	-
(1 735 023)	2 300 000	(4 035 023)	(175,4) Dwarstontein investment property fair valued by the valuator
(6 107 269)	103 862 088	(109 969 357)	(105,9)
Net surplus/ (deficit) for the year			
Fair value adjustments			

Budget Analysis of Capital Expenditure as at 30 June 2016

	Rand	Revised Budget	Variance	Variance	Explanation of significant variances from budget
Municipality					
Finance & Admin/Finance	64 346	250 000	(185 654)	(74)	Delays in supply chain process
Planning and Economic Development	12 386 799	11 847 900	538 899	5	
Housing	858 201	1 800 000	(941 799)	(52)	Delays in supply chain process
Sport and Recreation	13 706 510	-	13 706 510	(100)	Donated properties received from the provincial department
Waste Management	144 178	160 000	(15 822)	(10)	The budget amounts includes capital projects that are transferred to RAL during the year.
Road Transport	33 955 498	151 154 737	(117 043 724)	(77)	Delays in supply chain processes
Electricity /Electricity Distribution	27 871 504	35 043 714	(7 172 210)	(20)	
	88 987 036	200 256 351	(111 113 800)	(55)	

Appendix G1 Budgeted Financial Performance (Revenue and expenditure by standard classification) for the year ended 30 June 2016

	2016/2015						2015/2014			
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard										
Governance and administration	369 988 731	1 052 647	371 041 378	371 041 378	427 606 886	56 465 508	115 %	116 %	363 880 570	
Executive and council	1 100	-	1 100	1 100	-	(1 100)	- %	116 %	-	
Budget and treasury office	369 987 374	1 052 647	371 040 021	371 040 021	427 506 886	56 466 865	115 %	116 %	363 880 570	
Corporate services	257	-	257	257	-	(257)	- %	- %	19 660	
Community and public safety	5 354 460	-	5 354 460	5 354 460	50 752 403	45 397 943	948 %	948 %	40 401 021	
Community and social services	114 469	-	114 469	114 469	78 298	(36 171)	68 %	68 %	70 917	
Sport and recreation	502 766	-	502 766	502 766	13 829 707	13 326 941	2 751 %	2 751 %	52 804	
Public safety	3 301 000	-	3 301 000	3 301 000	34 984 150	31 683 150	1 060 %	1 060 %	38 578 185	
Housing	1 411 225	-	1 411 225	1 411 225	1 803 625	392 400	128 %	128 %	1 664 839	
Health	26 000	-	26 000	26 000	36 623	31 623	228 %	228 %	34 276	
Economic and environmental services	135 069 501	56 671 872	190 641 373	190 641 373	134 962 083	(55 679 290)	71 %	100 %	97 526 922	
Planning and development	513 555	11 845 900	12 359 455	12 359 455	11 782 662	(576 793)	95 %	2 294 %	10 830 149	
Road transport	134 556 946	43 725 972	178 281 918	178 281 918	123 179 421	(55 102 497)	69 %	92 %	86 694 873	
Trading services	528 912 114	-	528 912 114	528 912 114	470 602 427	(58 409 687)	89 %	89 %	419 086 898	
Electricity	493 770 114	-	493 770 114	493 770 114	442 158 888	(51 611 226)	90 %	90 %	391 237 145	
Waste water management	36 142 000	-	36 142 000	36 142 000	28 343 539	(6 798 461)	81 %	81 %	27 949 753	
Total Revenue - Standard	1 039 324 806	56 624 519	1 096 949 325	1 096 949 325	1 083 723 799	(12 225 526)	99 %	104 %	920 893 611	

Appendix G1 Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2016

	2016/2015				2015/2014					
	Original Budget	Budget Adjustments (i.e. 528 and \$31 of the MFMA)	Final adjustments budget	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard										
Governance and administration	185 316 008	3 405 647	188 721 655	-	188 721 656	248 872 029	60 150 374	132 %	134 %	201 009 961
Executive and council	33 856 110	4 000 000	37 856 110	(459 000)	37 397 110	36 484 493	(912 617)	98 %	108 %	29 385 237
Budget and treasury office	77 692 817	402 647	78 095 464	(450 000)	77 645 464	86 294 813	8 649 349	111 %	111 %	85 361 776
Corporate services	73 767 081	(397 000)	72 770 081	1 172 000	73 942 081	126 092 723	52 150 642	171 %	171 %	86 262 948
Community and public safety	86 627 848	(250 000)	86 377 848	196 462	86 573 310	72 161 934	(14 411 376)	83 %	83 %	71 486 909
Community and social services	8 003 057	-	8 003 057	(31 800)	7 971 257	7 689 485	(281 762)	96 %	96 %	6 504 158
Sport and recreation	24 570 771	-	24 570 771	(399 000)	24 171 771	21 222 443	(2 949 328)	88 %	86 %	19 854 858
Public safety	30 944 086	(250 000)	30 694 086	972 500	31 266 586	25 983 986	(5 272 590)	83 %	84 %	27 672 008
Housing	15 478 249	-	15 478 249	(170 000)	15 308 249	10 582 956	(4 715 283)	69 %	68 %	10 413 020
Health	7 631 685	-	7 631 685	223 762	7 855 447	6 663 034	(1 192 413)	85 %	87 %	6 940 865
Economic and environmental services	174 204 460	(1 103 000)	173 101 460	(1 078 700)	172 022 760	244 424 974	72 402 224	142 %	140 %	173 062 313
Planning and development	19 056 770	192 903	19 249 673	(3 000)	19 246 673	17 701 124	(1 545 549)	92 %	93 %	20 730 078
Road transport	155 147 680	(1 295 903)	153 851 777	(1 075 700)	152 776 077	226 723 850	73 947 773	148 %	146 %	152 332 235
Trading services	513 686 284	30 300 000	543 986 284	620 238	544 606 522	524 398 666	(20 107 864)	96 %	102 %	442 870 362
Electricity	442 121 861	31 300 000	473 421 861	940 000	474 361 861	455 648 502	(18 713 359)	96 %	103 %	379 064 760
Waste water management	9 797 361	-	9 797 361	(139 662)	9 657 699	6 805 275	(2 852 404)	71 %	69 %	7 202 242
Waste management	61 667 062	(1 500 000)	60 167 062	(150 080)	60 017 062	61 944 861	1 437 899	102 %	100 %	56 603 350
Total Expenditure - Standard	989 734 690	32 352 647	992 087 237	-	992 087 237	1 089 887 696	97 770 368	110 %	114 %	888 429 635
Surplus/(Deficit) for the year	79 690 216	24 271 872	103 862 088	103 862 088	103 862 088	(8 133 796)	(109 995 884)	(6)%	(9)%	32 463 976

Greater Tzaneen Municipality
 Appendix G2
 Budgeted Financial Performance (revenue and expenditure by municipal vote)
 for the year ended 30 June 2016

	2016/2015						2015/2014					
	Original Budget	Budget Adjustments (i.e., s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.e., Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote												
Vote 2 - Planning & Economic Development	513 555	11 845 900	12 359 455		12 359 455	11 782 662	(576 793)	95 %	2 294 %			10 830 149
Vote 3 - Financial Services	369 987 574	1 052 647	371 040 021		371 040 021	427 506 886	56 466 865	115 %	116 %			363 860 910
Vote 4 - Corporate Services	1 357	-	1 357		1 357	-	(1 357)	- %	102 %			19 660
Vote 5 - Community Services	82 300 081	-	82 300 081		82 300 081	83 708 219	1 408 138	102 %	102 %			81 234 908
Vote 7 - Electrical Engineering Services	493 770 114	-	493 770 114		493 770 114	442 158 888	(51 611 226)	90 %	50 %			391 237 145
Vote 8 - Engineering Services	92 752 325	43 725 972	136 478 297		136 478 297	118 567 144	(17 911 153)	87 %	128 %			73 710 739
Total Revenue by Vote	1 039 324 806	56 624 519	1 095 949 325		1 095 949 325	1 083 723 799	(12 226 526)	99 %	104 %			920 893 511
Expenditure by Vote to be Appropriated												
Vote 1 - Municipal Manager	13 270 709	3 350 000	16 620 709		16 575 709	15 857 826	(717 873)	96 %	119 %			10 165 879
Vote 2 - Planning & Economic Development	24 896 442	192 903	25 079 345		24 982 345	59 950 792	34 968 407	240 %	241 %	2 704 673	(2 704 673)	27 799 639
Vote 3 - Financial Services	77 692 817	402 647	78 095 464		77 645 464	88 294 814	8 649 350	111 %	111 %	8 060 328	(8 060 328)	85 361 776
Vote 4 - Corporate services	86 116 576	(597 000)	85 519 576		86 421 576	100 946 456	14 524 880	117 %	117 %	14 524 880	(14 524 880)	102 098 206
Vote 5 - Community Services	181 957 459	(2 000 000)	179 957 459		179 257 459	148 600 878	(30 656 581)	83 %	82 %	-	-	141 705 779
Vote 7 - Electrical Engineering Services	482 121 861	31 300 000	473 421 861		474 361 861	455 648 502	(18 713 359)	96 %	103 %	-	-	379 064 760
Vote 8 - Engineering Services	133 688 726	(295 903)	133 392 823		132 842 823	222 558 357	89 715 534	168 %	166 %	89 715 534	(89 715 534)	142 234 098
Total Expenditure by Vote	989 734 590	32 562 647	992 087 237		992 087 237	1 099 867 695	97 770 358	110 %	114 %	115 006 416	(115 006 416)	888 429 637
Surplus/(Deficit) for the year	79 590 216	24 271 872	103 862 088		103 862 088	(6 133 796)	(109 995 864)	(6)%	(8)%			32 463 974

Appendix G3 Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2016

2016/2015

2015/2014

Revenue By Source	Original Budget		Budget adjustments (i.e. s28 and s31 of the MFMA)		Final budget		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Variance of Actual Outcome against Budget Adjustments		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Property rates	61 583 274	-	61 583 274	-	61 583 274	-	61 583 274	74 146 340	12 563 066	120 %	120 %	74 098 025							
Property rates - penalties & collection charges	5 000 000	-	5 000 000	-	5 000 000	-	5 186 759	186 759	104 %	104 %	5 368 139								
Service charges - electricity revenue	458 770 114	-	458 770 114	-	458 770 114	-	421 446 731	(37 323 383)	92 %	92 %	380 350 486								
Service charges - refuse revenue	23 300 000	-	23 300 000	-	23 300 000	-	26 475 760	3 175 760	114 %	114 %	25 815 532								
Service charges - other	1 355 840	-	1 355 840	-	1 355 840	-	2 181 977	826 137	161 %	161 %	814 690								
Rental of facilities and equipment	959 100	-	959 100	-	959 100	-	1 333 677	374 577	139 %	139 %	1 188 589								
Interest earned - external investments	1 801 000	-	1 801 000	-	1 801 000	-	6 850 014	5 049 014	380 %	380 %	2 381 124								
Interest earned - outstanding debtors	11 400 000	-	11 400 000	-	11 400 000	-	12 328 408	928 408	108 %	108 %	12 090 607								
Fines	3 705 136	-	3 705 136	-	3 705 136	-	35 486 947	31 781 811	958 %	958 %	39 119 913								
Licences and permits	647 138	-	647 138	-	647 138	-	721 783	74 645	112 %	112 %	711 014								
Agency services	43 192 708	-	43 192 708	-	43 192 708	-	8 004 170	(35 188 538)	19 %	19 %	7 205 555								
Transfers recognised - operational	327 648 549	1 052 647	328 701 196	-	328 701 196	-	308 750 656	(19 950 530)	94 %	94 %	247 695 225								
Other revenue	6 030 495	-	6 030 495	-	6 030 495	-	33 878 617	27 848 121	562 %	562 %	38 111 037								
Gains on disposal of PPE	2 300 000	-	2 300 000	-	2 300 000	-	-	(2 300 000)	- %	- %	-								
Total Revenue (excluding capital transfers and contributions)	947 693 365	1 052 647	948 746 002	-	948 746 002	-	936 802 049	(11 943 953)	99 %	99 %	834 947 937								

Appendix G3 Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2016

2016/2015

2015/2014

Expenditure By Type	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments budget		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Variance of Actual Outcome against Budget Adjustments		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Restated Audited Outcome	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Employee related costs	273 288 234	-	273 288 234	-	273 288 234	261 187 773	(12 100 461)	96 %	96 %	248 180 434										
Remuneration of councillors	22 180 856	-	22 180 856	-	22 180 856	21 089 938	(1 090 918)	95 %	95 %	20 078 193										
Debt impairment	20 583 459	-	20 583 459	-	20 583 459	63 883 738	43 280 279	310 %	310 %	35 787 881										
Depreciation & asset impairment	123 290 464	-	123 290 464	-	123 290 464	121 033 963	(2 156 501)	98 %	98 %	118 322 862										
Finance charges	9 177 237	-	9 177 237	2 400 000	11 577 237	11 033 121	(542 116)	95 %	120 %	10 485 721										
Bulk purchases	307 100 624	-	307 100 624	(4 427 000)	302 673 624	301 974 600	(5 126 024)	98 %	98 %	287 856 116										
Contracts and grants	43 865 837	-	42 615 637	(1 000 000)	38 188 637	38 524 347	335 710	101 %	88 %	39 983 887										
Transfers and services	42 861 499	-	32 352 647	74 414 146	73 414 146	57 331 705	17 249 662	178 %	311 %	34 272 086										
Other expenditure	118 186 580	-	1 250 000	3 027 000	119 436 580	139 713 242	17 249 662	114 %	118 %	111 659 292										
Loss on disposal of PPE	-	-	-	-	-	589 023	589 023	DIV/0 %	DIV/0 %	1 753 086										
Total Expenditure	959 734 590	32 352 647	992 087 237	-	992 087 237	1 089 857 586	97 770 359	110 %	114 %	888 429 538										
Surplus/(Deficit)	(12 041 235)	(31 300 000)	(43 341 235)	-	(43 341 235)	(53 056 547)	(109 714 312)	363 %	1 271 %	(53 481 601)										
Transfers recognised - capital	91 631 451	55 571 872	147 203 323	-	147 203 323	126 515 241	(20 688 082)	86 %	138 %	85 945 574										
Contributions recognised - capital	-	-	-	-	-	20 406 510	20 406 510	DIV/0 %	DIV/0 %	-										
Surplus/(Deficit) after capital transfers & contributions	79 590 216	24 271 872	103 862 088	-	103 862 088	(6 133 796)	(109 995 884)	(6)%	(8)%	32 463 973										
Surplus/(Deficit) after taxation	79 590 216	24 271 872	103 862 088	-	103 862 088	(6 133 796)	(109 995 884)	(6)%	(8)%	32 463 973										
Surplus/(Deficit) attributable to municipality	79 590 216	24 271 872	103 862 088	-	103 862 088	(6 133 796)	(109 995 884)	(6)%	(8)%	32 463 973										
Surplus/(Deficit) for the year	79 590 216	24 271 872	103 862 088	-	103 862 088	(6 133 796)	(109 995 884)	(6)%	(8)%	32 463 973										

Appendix G4 Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2016

	2016/2015										2015/2014							
	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments Budget		Final Budget		Actual Outcome		Variance of Actual Outcome against Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Restated Audited Outcome	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Capital expenditure - Vote Multi-year expenditure																		
Single-year expenditure																		
Vote 1 - Municipal Manager																		4 552
Vote 2 - Planning and economic development	1 152 000		10 945 900		12 097 900		12 097 900		12 386 799		288 899			DIV/0 %	DIV/0 %		12 464 289	
Vote 3 - Financial Services	-		-		-		-		-		-			DIV/0 %	DIV/0 %		64 166	
Vote 4 - Corporalia Services	-		160 000		160 000		160 000		13 850 687		13 690 687			DIV/0 %	DIV/0 %		2 572 301	
Vote 5 - Community Services	35 793 714		(750 000)		35 043 714		35 043 714		27 608 504		(7 435 210)			79 %	DIV/0 %		75 014	
Vote 7 - Electrical Engineering Services																	17 731 448	
Vote 8 - Engineering Services	107 738 765		45 215 872		152 954 737		152 954 737		35 296 560		(117 658 177)			23 %	33 %		95 307 421	
Capital single-year expenditure sub-total	144 684 479		55 571 872		200 256 351		200 256 351		89 142 550		(111 113 801)			45 %	62 %		128 219 191	
Total Capital Expenditure - Vote	144 684 479		55 571 872		200 256 351		200 256 351		89 142 550		(111 113 801)			45 %	62 %		128 219 191	

Appendix G4 Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2016

2016/2015

2015/2014

	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final Budget		Final Budget		Actual Outcome		Variance of Actual Outcome against Budget Adjustments		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Restated Audited Outcome		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Capital Expenditure - Standard																			
Governance and administration	1 180 000	(900 000)	250 000	250 000	260 000	300 273	60 273	120 %	26 %	11 989 019									
Executive and council	-	(900 000)	250 000	250 000	300 273	50 273	50 273	DIV/0 %	26 %	4 552									
Corporate services	1 150 000	500 000	1 800 000	1 800 000	14 868 407	12 768 407	12 768 407	809 %	1 121 %	11 920 301									
Community and public safety	1 300 000	500 000	1 800 000	1 800 000	13 710 206	13 710 206	13 710 206	DIV/0 %	DIV/0 %	342 105									
Sport and recreation	1 300 000	500 000	1 800 000	1 800 000	858 201	(941 799)	(941 799)	48 %	66 %	342 105									
Housing	106 440 755	56 561 872	163 002 627	163 002 627	46 533 826	(116 468 811)	(116 468 811)	29 %	44 %	98 081 605									
Economic and environmental services	2 000	11 845 900	11 847 900	11 847 900	12 286 799	538 899	538 899	105 %	619 340 %	3 116 289									
Planning and development	108 438 755	44 715 972	151 154 727	151 154 727	34 147 027	(117 007 710)	(117 007 710)	23 %	32 %	94 565 317									
Road transport	35 793 714	(699 000)	35 203 714	35 203 714	27 740 044	(7 463 670)	(7 463 670)	79 %	77 %	17 806 482									
Trading services	35 793 714	(750 000)	35 043 714	35 043 714	27 508 504	(7 535 210)	(7 535 210)	79 %	77 %	17 731 448									
Electricity	-	160 000	160 000	160 000	131 540	(28 460)	(28 460)	82 %	DIV/0 %	75 014									
Total Capital Expenditure - Standard	144 684 479	55 671 872	200 256 351	200 256 351	89 142 550	(111 113 801)	(111 113 801)	45 %	62 %	128 219 192									
Funded by:																			
National Government	91 631 451	55 671 872	147 203 323	147 203 323	37 202 586	(110 000 737)	(110 000 737)	25 %	41 %	84 326 998									
Transfers recognised - capital	91 631 461	55 671 872	147 203 323	147 203 323	37 202 586	(110 000 737)	(110 000 737)	28 %	41 %	84 326 998									
Public contributions & donations	53 053 028	-	53 053 028	53 053 028	20 406 510	(21 519 574)	(21 519 574)	59 %	59 %	43 892 194									
Internally generated funds	144 684 479	55 671 872	200 256 351	200 256 351	89 142 550	(111 113 801)	(111 113 801)	48 %	62 %	128 219 192									

Greater Tzaneen Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2016

2016/2015

2015

Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome

Taxation	56 595 783	-	56 595 783	64 262 938	7 667 155	114 %	114 %	68 285 948
Sale of goods and services	454 780 030	-	454 780 030	497 073 165	42 293 135	109 %	109 %	482 079 131
Grants	4 19 280 000	-	4 19 280 000	428 928 506	9 646 506	102 %	102 %	366 405 644
Interest	6 960 700	-	6 960 700	6 850 014	(110 686)	98 %	98 %	2 381 124
Employee cost	(273 288 234)	-	(273 288 234)	(272 844 122)	444 112	100 %	100 %	(255 717 650)
Suppliers	(530 742 518)	(28 057 097)	(558 799 615)	(538 799 615)	(30 000 000)	113 %	119 %	(485 448 537)
Finance cost	(9 177 237)	(2 400 000)	(11 577 237)	(11 577 237)	872 644	92 %	117 %	(10 287 956)
Net cash flow from/used operating activities	124 408 524	(30 457 097)	93 951 427	83 161 188	(10 800 239)	89 %	67 %	147 637 702

Cash flow from investing activities

Additions property, plants and equipments	(122 812 469)	(30 000 000)	(152 812 469)	(152 812 469)	(175 880 774)	(115 %)	143 %	(258 620 383)
Transfers from Work in Progress	-	-	-	94 136 381	94 136 381	- %	- %	140 720 059
Proceeds on disposal of property, plant and equipment	2 300 000	-	2 300 000	2 300 000	(2 300 000)	- %	- %	-
Additions to investment property	-	-	-	(6 700 000)	(6 700 000)	DIV/0 %	DIV/0 %	(9 348 000)
Increase in intangible assets	-	-	-	(542 643)	(542 643)	DIV/0 %	DIV/0 %	(934 640)
Increase in financial assets	-	-	-	(14 044 174)	(14 044 174)	DIV/0 %	DIV/0 %	(1 371 108)
Loss on disposal of asset held for sale	-	-	-	-	-	DIV/0 %	DIV/0 %	(87 730)
Net cash flow from/used investing activities	(120 512 469)	(30 000 000)	(150 512 469)	(150 512 469)	(103 031 208)	68 %	85 %	(129 641 802)

Cash flow from financing activities

Repayment of other financial liabilities	(14 552 662)	61 300 000	46 747 338	46 747 338	47 860 153	102 %	(329) %	(12 014 681)
Finance lease payments	-	-	-	-	(907 409)	- %	- %	(1 954 571)
Net cash flow from/used financing activities	(14 552 662)	61 300 000	46 747 338	46 747 338	205 407	100 %	(323) %	(13 989 262)
Net increase/(decrease) in cash held	(10 656 607)	842 903	(9 813 704)	(9 813 704)	27 072 726	(276) %	(254) %	4 026 648
Cash/cash equivalents at the year begin:	23 000 000	4 977 499	27 977 499	27 977 499	28 404 636			24 377 988
Cash/cash equivalents at the year end:	12 343 393	5 820 402	18 163 795	18 163 795	55 477 361	305 %	449 %	28 404 636