

## Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June, 2014

### Notes to the Annual Financial Statements

Figures in Rand 2014 2013

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

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June, 2014:

30 June, 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Mosia MJ	1,845	16,409	18,254
Nhlapo LG	2,271	6,472	8,743
Radebe TP	7,157	7,066	14,223
Majoe RD	1,051	-	1,051
Du Preez SJS	212	-	212
Malindi MS	368	-	368
Mokoena KA	401	-	401
Molapisi MD	190	-	190
Mphaka MR	368	-	368
Nakedi MT	368	-	368
Nkomo P	660	-	660
Sibeko PA	387	-	387
Tshabalala NS	406	-	406
	<b>15,684</b>	<b>29,947</b>	<b>45,631</b>

30 June, 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Du Preez SJS	415	-	415
Henning SG	560	-	560
Malinidi S	314	-	314
Mofokeng PP	467	-	467
Mokoena KA	391	-	391
Moloedi PM	314	-	314
Mosia M	8,599	10,343	18,942
Mphaka MR	314	-	314
Nakedi MT	314	-	314
Nhlapo LG	9,424	13,461	22,885
Nkomo P	477	-	477
Radebe TP	5,596	7,010	12,606
Semela MS	8,108	9,885	17,993
Tshabalala NS	624	-	624
Moshoadiba P	390	-	390
	<b>36,307</b>	<b>40,699</b>	<b>77,006</b>

## Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June, 2014

### Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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#### 56. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	11,317,260	12,379,637
less: Loan account where funds where not set aside	(2,679,831)	(3,197,468)
	8,637,429	9,182,169
Cash set aside for the repayment of long-term liabilities	(3,826,144)	(3,639,960)
	<b>4,811,285</b>	<b>5,542,209</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

## Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June, 2014

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Figures in Rand 2014 2013

#### 57. Deviation from supply chain management regulations

##### Deviations from the SCM process

Deviations for the current year

1,946,602 1,061,879

Order	Supplier	Amount	
017039	B R DIENSTE	24,993	The reason for deviatc provider that repair an
017047	B R DIENSTE	24,402	The reason for deviatc provider that repair an
017048	B R DIENSTE	23,120	The reason for deviatc provider that repair an
018553	TRUVELO	6,342	The reason for deviatc obtained because Truv and they responsible fo
018572	J D SHUTTLE	5,000	The reason for deviatc carpets needed to be c
015048	BR DIENSTE	23,739	The reason being B R D services and repairs La
015530	COMPU-SCENE TECH CC	1,577	Three quotations coul strip the printer before
017646	ITNA TRUSTED VALUE	25,872	The reason being the c and the router needed
016716	SCOTT AUTO	12,949	The reason being Scott services and repairs Fo
016298	TSOTSO MEDIA	74,400	The reason for deviatc to time, big screen, sou needed urgently.
017733	MAMATSE TRADING	74,589	The reason being jet sp and Lindley
014467	BIG 5 GUESTHOUSE	44,650	The reason for deviatc as were looking for acc manage to source thre House and Bass Feathe
11732	ROB CRON MOTOTS	2,169	We have only one appr Isuzu
19946	TRUVELO	5,891	Three quotations coul only supplier for these
017660	Molaudi Trading	175,000	The reason for deviatc one supplier responder
017504	Riemland Autolec	17,100	The reason for deviatc Reitz Parks section. Gra service delivery in Park
017733	Mamatse Trading	219,814	The reason for deviatc
018553	Truvelo	6,342	The reason for deviatc obtained because Truv and they responsible fo
018331	Knowledge Base	99,522	The reason being that l the software is for desi roads, sewer networks

## Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June, 2014

### Notes to the Annual Financial Statements

Figures in Rand		2014	2013
<b>57. Deviation from supply chain management regulations (continued)</b>			
018950	Amanzi Suppliers	34,862	The reason for deviatc only 2 suppliers respor
018949	Amanzi Suppliers	55,078	The reason for deviatc only 2 suppliers respor
018978	Meades Attorneys	5,000	The reason for deviatc number of legal matter
019456	L STOFFBERG	74,564	The reason for deviatc number of legal matter
019190	Meades Attorneys	26,573	The reason for deviatc number of legal matter
019474	Meades Attorneys	3,439	The reason for deviatc number of legal matter
019320	Mortimer Toyota	3,389	The reason for deviatc provider based within l
019888	Meades Attorneys	2,840	The reason for deviatc number of legal matter
019895	Meades Attorneys	3,881	The reason for deviatc number of legal matter
019892	Meades Attorneys	5,700	The reason for deviatc number of legal matter
019891	Meades Attorneys	30,454	The reason for deviatc number of legal matter
019890	Meades Attorneys	1,605	The reason for deviatc number of legal matter
020179	African Sky Hotel	43,050	The reason for deviatc as were looking for acc manage to source thre and Imperial Guest Ho
020180	Morobane Attorneys	76,587	The reason for deviatc number of legal matter
020182	Meades Attorneys	83,062	The reason for deviatc number of legal matter
020314	Morobane Attorneys	76,587	The reason for deviatc number of legal matter
015122	Windmill Lodge	30,125	The reason for deviatc as were looking for acc manage to source thre and Southern Sun
01965	Advocate Thabo Tau	72,000	The reason for deviatc number of legal matter
014930	Nkaiseng Attorneys	90,972	The reason for deviatc number of legal matter
015964	The phonebook company	54,652	Three quotations coul service provider who si
017732	Robcron Motors	2,169	Robcron Motors is the service and repair Isuzu
018066	Epitome Consulting	46,740	The reason being the w
019880	Nkaiseng Commercial Latton	86,552	The reason for deviatc number of legal matter

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Annual Financial Statements for the year ended 30 June, 2014

**Notes to the Annual Financial Statements**

Figures in Rand	2014	2013
<b>57. Deviation from supply chain management regulations (continued)</b>		
019948 Aveo Technologies	169,250	Due to the fact the mu updated and verificatic AVEO is in a position to work scope on FAR.
Subtotal	1,946,602	
	<b>1,946,602</b>	

## Nketoana Local Municipality

### Appendix A

June 2014

#### Schedule of external loans as at 30 June 2014

Loan Number	Redeemable	Balance at Sunday, 30 June, 2013	Received during the period	Redeemed written off during the period	Balance at Monday, 30 June, 2014	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
<b>Development Bank of South Africa</b>							
DBSA @ 10.35%	101390/1	7,878,687	-	472,006	7,406,681	-	-
DBSA @ 9.09%	101390/2	1,309,052	-	82,102	1,226,950	-	-
		<b>9,187,739</b>	-	<b>554,108</b>	<b>8,633,631</b>	-	-
<b>Other loans</b>							
Grainflied Chicken (Pty) Ltd		3,191,897	-	508,268	2,683,629	-	-
		<b>3,191,897</b>	-	<b>508,268</b>	<b>2,683,629</b>	-	-
Total external loans		<b>12,379,636</b>	-	<b>1,062,376</b>	<b>11,317,260</b>	-	-

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**Appendix B**

June 2014

**Analysis of property, plant and equipment as at 30 Jun**  
**Cost/Revaluation** **Accumulated**

	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
<b>Land and buildings</b>										
Land (Separate for AFS purposes)	101,392,410	-	-	-	-	-	101,392,410	-	-	-
Landfill Sites (Separate for AFS purposes)	6,523,273	573,318	-	2,460,274	-	-	9,556,865	-	-	-
Buildings (Separate for AFS purposes)	40,136,446	-	-	-	-	-	40,136,446	(5,445,872)	-	-
	<b>148,052,129</b>	<b>573,318</b>	<b>-</b>	<b>2,460,274</b>	<b>-</b>	<b>-</b>	<b>151,085,721</b>	<b>(5,445,872)</b>	<b>-</b>	<b>-</b>
<b>Infrastructure</b>										
Roads, Pavements & Bridges	658,368,782	190,000	-	7,028,382	-	-	665,587,164	(402,254,270)	-	-
Water purification	109,047,843	595,327	(479,754)	-	-	-	109,163,416	(43,201,523)	-	-
Sewerage purification	143,004,519	129,082	-	-	-	-	143,133,601	(82,336,197)	-	-
Electricity mains	26,822,334	-	-	4,585,022	-	-	31,407,356	(11,481,663)	-	-
Work in progress	31,734,868	56,376,742	-	(14,073,678)	-	-	74,037,932	-	-	-
	<b>968,978,346</b>	<b>57,291,151</b>	<b>(479,754)</b>	<b>(2,460,274)</b>	<b>-</b>	<b>-</b>	<b>1,023,329,469</b>	<b>(539,273,653)</b>	<b>-</b>	<b>-</b>
<b>Community Assets</b>										
Sportsfields and stadium	16,972,967	-	-	-	-	-	16,972,967	(3,368,438)	-	-
	<b>16,972,967</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,972,967</b>	<b>(3,368,438)</b>	<b>-</b>	<b>-</b>

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June 2014

**Analysis of property, plant and equipment as at 30 Jun**  
**Cost/Revaluation** **Accumulated**

	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
<b>Other assets</b>										
Other	17,438,992	2,158,943	-	-	-	-	<b>19,597,935</b>	(9,819,327)	-	-
	<b>17,438,992</b>	<b>2,158,943</b>	-	-	-	-	<b>19,597,935</b>	<b>(9,819,327)</b>	-	-



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**Analysis of property, plant and equipment as at 30 Jun**  
**Cost/Revaluation** **Accumulated**

	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
<b>Total property plant and equipment</b>										
Land and buildings	148,052,129	573,318	-	2,460,274	-	-	151,085,721	(5,445,872)	-	-
Infrastructure	968,978,346	57,291,151	(479,754)	(2,460,274)	-	-	1,023,329,469	(539,273,653)	-	-
Community Assets	16,972,967	-	-	-	-	-	16,972,967	(3,368,438)	-	-
Other assets	17,438,992	2,158,943	-	-	-	-	19,597,935	(9,819,327)	-	-
	<b>1,151,442,434</b>	<b>60,023,412</b>	<b>(479,754)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,210,986,092</b>	<b>(557,907,290)</b>	<b>-</b>	<b>-</b>
<b>Agricultural/Biological assets</b>										
Biological assets	11,500	8,000	-	-	-	3,200	22,700	-	-	-
	<b>11,500</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,200</b>	<b>22,700</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intangible assets</b>										
Computers - software & programming	99,948	-	-	-	-	-	99,948	(59,817)	-	-
	<b>99,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,948</b>	<b>(59,817)</b>	<b>-</b>	<b>-</b>
<b>Investment properties</b>										
Investment property	9,143,386	-	-	-	-	-	9,143,386	(733,182)	-	-
	<b>9,143,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,143,386</b>	<b>(733,182)</b>	<b>-</b>	<b>-</b>
<b>Total</b>										
Land and buildings	148,052,129	573,318	-	2,460,274	-	-	151,085,721	(5,445,872)	-	-
Infrastructure	968,978,346	57,291,151	(479,754)	(2,460,274)	-	-	1,023,329,469	(539,273,653)	-	-
Community Assets	16,972,967	-	-	-	-	-	16,972,967	(3,368,438)	-	-
Other assets	17,438,992	2,158,943	-	-	-	-	19,597,935	(9,819,327)	-	-
Agricultural/Biological assets	11,500	8,000	-	-	-	3,200	22,700	-	-	-
Intangible assets	99,948	-	-	-	-	-	99,948	(59,817)	-	-
Investment properties	9,143,386	-	-	-	-	-	9,143,386	(733,182)	-	-
	<b>1,160,697,268</b>	<b>60,031,412</b>	<b>(479,754)</b>	<b>-</b>	<b>-</b>	<b>3,200</b>	<b>1,220,252,126</b>	<b>(558,700,289)</b>	<b>-</b>	<b>-</b>

**Nketoana Local Municipality**

**Analysis of property, plant and equipment as at 30 Jun**  
**Cost/Revaluation** **Accumulated**

	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
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June 2014

**Analysis of property, plant and equipment as at 30 Jun**  
**Cost/Revaluation** **Accumulated**

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

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**Analysis of property, plant and equipment as at 30 Jun**  
**Cost/Revaluation** **Accumulated**

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

**Nketoana Local Municipality**

**Appendix C**

June 2014

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014**

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
<b>Revenue</b>					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	16,766,245	22,000,000	(5,233,755)	(23.8)	DUE TO VALUANTION VALUE THAT WAS IMPLEMETABLE IN 2013/14 MORE REVENUE WERE EXPECTED.
Service charges	97,801,900	106,324,000	(8,522,100)	(8.0)	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	433,839	416,000	17,839	4.3	
Interest received (trading)	19,071,015	17,700,000	1,371,015	7.7	
Dividends received	-	-	-	-	
Income from agency services	-	-	-	-	
	-	-	-	-	
Licences and permits	-	-	-	-	
	-	-	-	-	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Financial instruments - Fee income	-	-	-	-	
Other income - (rollup)	1,499,645	3,109,000	(1,609,355)	(51.8)	DECREASED DUE TO INCOME FROM PARKS, GRAVES ETC WAS LOW AT MID YEAR. THE NEW CONNECTION RATE WERE SIGNIFICANTLY DROP
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	128,777,665	130,855,000	(2,077,335)	(1.6)	
Interest received - investment	411,307	400,000	11,307	2.8	

**Nketoana Local Municipality**

**Appendix C**

June 2014

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014**

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Interest received - other	-	-	-	-	
Dividends received	-	-	-	-	
	264,761,616	280,804,000	(16,042,384)	(5.7)	
<b>Expenses</b>					
Personnel	(68,647,855)	(61,004,000)	(7,643,855)	12.5	THE MUNICIPALITY INCREASED THE SALARIES AS WHEN MIDTERM REVIEW WAS PERFORMED THE OUTCOME WAS THAT WE INCURRED 31MILLION AN INCREASE AS MORE SECTION 56 MANAGERS WERE APPOINTED.
Manufacturing -	-	-	-	-	
Employee costs	-	-	-	-	
Remuneration of councillors	(5,379,215)	(5,669,000)	289,785	(5.1)	
Administration	-	-	-	-	
Transfer payments	-	-	-	-	
Depreciation	(64,357,283)	(68,517,000)	4,159,717	(6.1)	
Impairment	-	-	-	-	
Amortisation	(12,298)	-	(12,298)	-	
Impairments	-	-	-	-	
Reversal of impairments	-	-	-	-	
Finance costs	(2,917,794)	(2,413,000)	(504,794)	20.9	NON CASH ITEMS FINANCE COST DECREASE IN THE CURRENT YEAR, HOWEVER THE MUNICIPALITY EXPECTED THAT THE GRAINFIED CHICKEN LOAN INTEREST WOULD BE HIGHER.
Debt impairment	(95,804,025)	(99,441,000)	3,636,975	(3.7)	
Collection costs	-	-	-	-	
Repairs and maintenance	-	-	-	-	
- Manufacturing expenses	-	-	-	-	
Repairs and maintenance - General	(10,510,488)	(11,914,000)	1,403,512	(11.8)	REPAIR AND MAINTENANCE HAS BEEN PERFORMED INTERNAL AS THE MUNICIPALITY IS TRY TO CUT COST.
Repairs and maintenance - General	-	-	-	-	
Bulk purchases	(34,430,699)	(34,230,000)	(200,699)	0.6	
Contracted Services	(12,770,134)	(13,486,000)	715,866	(5.3)	
Grants and subsidies paid	-	-	-	-	
Cost of housing sold	-	-	-	-	
General Expenses	(45,291,826)	(30,876,000)	(14,415,826)	46.7	THE COST CUTTING STRATEGIES DID NOT MATERIALISE AS THE MUNICIPALITY INCURRED MORE FUEL AND OIL EXPENSES, PROMOTION AND MARKETING AND ELECTION COST.
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other revenue and costs	(340,121,617)	(327,550,000)	(12,571,617)	3.8	
Gain or loss on disposal of assets and liabilities	654,736	-	654,736	-	

**Nketoana Local Municipality**

**Appendix C**

June 2014

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014**

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Gain or loss on exchange differences	-	-	-	-	
Fair value adjustments	129,872	-	129,872	-	
Gains or losses on biological assets and agricultural produce	-	-	-	-	
Income from equity accounted investments	-	-	-	-	
Gain or loss on disposal of non-current assets held for sale or disposal groups	(654,736)	-	(654,736)	-	
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	129,872	-	129,872	-	
Net surplus/ (deficit) for the year	(75,230,129)	(46,746,000)	(28,484,129)	60.9	THE COST CUTTING STRATEGIES DID NOT MATERIALISE AS THE MUNICIPALITY INCURRED MORE FUEL AND OIL EXPENSES, PROMOTION AND MARKETING AND ELECTION COST, PERSONNEL COST HAD A NEGATIVE EFFECT ON THE OVERALL BUDGET.

**Nketoana Local Municipality**  
**Appendix D**  
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**  
 June 2014

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts			Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	R non
		Jul	Nov	Mar	Jul	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun			
EQUITABLE SHARE	NKETOANA MUNICIPALITY	27,248,000	25,556,000	1,953,000	-	-	-	-	-	-	-	-	-	-	REASON FOR TREASURY NT PAYING THE 78119000 WAS DUE TO THE MIG ALLOCATIN FOR 201213 THAT WAS NOT 100% SPENT	Yes	MIG F YEAR SPEN
MFMG	NKETOANA MUNICIPALITY	1,550,000	-	-	-	-	-	-	-	-	-	-	-	-	NONE	No	GRAN 100% YEAR ROLL APPL REAS PROV TREA
MSIG	NKETOANA MUNICIPALITY	890,000	-	-	-	-	-	-	-	-	-	-	-	-	NONE	Yes	
MIG	NKETOANA MUNICIPALITY	19,593,000	10,586,000	2,118,000	-	-	-	-	-	-	-	-	-	-	NONE	Yes	
RBIG	NKETOANA MUNICIPALITY	-	-	-	-	-	-	-	-	-	-	-	-	-	NONE	Yes	
INEP	NKETOANA MUNICIPALITY	2,000,000	1,000,000	2,000,000	-	-	-	-	-	-	-	-	-	-	NONE	Yes	
LGSETA	NKETOANA MUNICIPALITY	141,100	-	91,447	-	-	-	-	-	-	-	-	-	-	NONE	Yes	
		-	-	-	-	-	-	-	-	-	-	-	-	-			
		51,422,100	37,142,000	6,162,447	-	-	-	-	-	-	-	-	-	-			

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