

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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18. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	5 657 957	944 802
Additions during the year	117 622 983	98 402 782
Income recognition during the year	(117 791 362)	(93 689 627)
	5 489 578	5 657 957

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 27 of reconciliation of grants from National/Provincial Government.

19. Other financial liabilities

At amortised cost

DBSA loans	7 944 695	8 278 680
Fixed interest rates of 10.35% with fixed instalments of R 96,732.62 p/m. The maturity date of this loan is 2024.		
DBSA loans	1 243 045	1 306 085
Fixed interest rates of 9,09% with fixed instalments of R 15,156.21 p/m. The maturity date of this loan is 2024.		
Grainfield Chickens (Pty) Ltd	4 005 594	4 116 392
Interest are charge to the loan at prime rate. The capital repayment of this loan are linked to the electricity charge to Grainfield Chickens plus a 10% margin.		
	13 193 334	13 701 157

Total other financial liabilities

	13 193 334	13 701 157
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The Municipality shall execute a cession to the benefit of the DBSA on its Standard Bank fixed deposit investment of R 3,639,959.58 of which is disclose under investments note 13.

Non-current liabilities

At amortised cost	12 765 548	13 270 832
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Current liabilities

At amortised cost	427 786	430 325
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Figures in Rand 2013 2012

20. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Benefits paid	Actuarial loss/gain	Interest cost	Current Service Cost	Total
Environmental rehabilitation	3 869 757	-	-	221 009	-	4 090 766
Employee long service awards	2 420 000	(199 000)	254 000	201 000	412 000	3 088 000
	6 289 757	(199 000)	254 000	422 009	412 000	7 178 766

Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Environmental rehabilitation	3 542 327	327 430	3 869 757
Employee long service awards	-	2 420 000	2 420 000
	3 542 327	2 747 430	6 289 757

Environmental rehabilitation provision

The provision for rehabilitation of landfill site related to the constructive obligation to rehabilitate landfill sites used for waste disposal. The provision is discounted to the present value of the future cost to rehabilitate the landfill site, using the average cost of the municipality borrowing interest rate of 9.72%.

The landfill site are located at Mamafubedu and Ntha.

Employee long service awards

An actuarial valuation has been performed on the municipalities liability for long service awards relating to vested benefit to which employees may become entitled upon completion of years according to the Collective Agreement on Conditions of Service, SALGBC. The provision is utilised when eligible employees receive the value of the vested benefits.

Key financial assumptions

Discount rate	7.40%	7.92%
Consumer price inflation	5.66%	5.74%
Normal Salary increase rate	6.66%	6.74%
Net effective discount rate	0.69%	1.11%

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Figures in Rand	2013	2012
21. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Post employment medical aid benefit		
Present value of the defined contribution obligation-wholly unfunded	(6 972 000)	(6 586 000)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	6 586 000	6 491 000
Net expense recognised in the statement of financial performance	386 000	95 000
Closing balance	6 972 000	6 586 000
Net expense recognised in the statement of financial performance		
Interest cost	532 000	95 000
Actuarial (gains) losses	331 000	-
benefits paid	(477 000)	-
Total included in employee related costs	386 000	95 000
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	331 000	-
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	7,89 %	8,35 %
Consumer Price Inflation	6,14 %	6,40 %
Expected increase in healthcare costs	7,14 %	6,85 %
Net effective discount rate	0,70 %	1,40 %
Defined contribution plan		
It is the policy of the municipality to provide retirement benefits to 16 retired employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose. There is no current policy in place governing the contributions made to these employees.		
The municipality is under no obligation to cover any unfunded benefits.		
The total economic entity contribution to such schemes	863 000	532 000
The amount recognised as an expense for defined contribution plans is	(477 000)	(437 000)

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Figures in Rand	2013	2012
22. Service charges		
Sale of electricity	29 513 657	25 656 300
Sale of water	24 247 485	26 188 237
Sewerage and sanitation charges	11 279 735	11 143 881
Refuse removal	11 483 701	11 605 093
	76 524 578	74 593 511
23. Other income		
Cemetery fees	407 804	343 561
Insurance claims	248 357	134 794
Connection fees	603 651	210 151
Garden refuse	2 682	509
Building plans & Clearance certificates	47 908	19 177
Sundries	297 031	1 326 096
	1 607 433	2 034 288
Sundries include commission, tender documents and bringing of meters (fines).		
24. Investment revenue		
Interest revenue		
Bank	1 501 123	962 951
25. Revenue		
Service charges	76 524 578	74 593 511
Rental of facilities and equipment	415 297	323 901
Interest received (trading)	16 416 211	15 529 229
Discount received	-	7 654
Recoveries	-	8 353 558
Other income	1 607 433	2 034 288
Interest received - investment	1 501 123	962 951
Property rates	16 194 067	11 008 056
Government grants & subsidies	117 791 362	93 689 626
Public contributions and donations	2 043 939	10 441 162
Fines	115 585	195 850
	232 609 595	217 139 786

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

	2013	2012
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25. Revenue (continued)

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

Service charges	76 524 578	74 593 511
Rental of facilities and equipment	415 297	323 901
Interest received (trading)	16 416 211	15 529 229
Discount received	-	7 654
Recoveries	-	8 353 558
Other income	1 607 433	2 034 288
Interest received - investment	1 501 123	962 951
	96 464 642	101 805 092

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

Taxation revenue

Property rates	16 194 067	11 008 056
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Transfer revenue

Government grants & subsidies	117 791 362	93 689 626
Public contributions and donations	2 043 939	10 441 162
Fines	115 585	195 850
	136 144 953	115 334 694

26. Property rates

Rates received

Residential	16 194 067	11 008 056
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Valuations

Residential	248 176 900	248 176 900
Commercial	60 201 890	61 208 780
State	97 856 000	97 777 650
Municipal	1 595 900	1 595 900
Agriculture	483 950 300	483 950 300
	891 780 990	892 709 530

Valuation on property rates are performed every 4 years. The last general valuation came into effect on 1 July 2009.

Rebates of R 20,000 (2010: R 20,000) are granted to residential property owners.

Rates are levied on an monthly basis. Interest at prime plus 1% per annum is levied on outstanding rates older then 30 days.

The new general valuation will be implemented on 01 July 2013.

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Figures in Rand	2013	2012
27. Government grants and subsidies		
Operating grants		
Equitable share	77 373 000	67 786 000
MSIG	815 996	1 207 372
MFMG	1 795 753	1 620 149
LG SETA	185 742	332 782
EPWP	856 688	-
	81 027 179	70 946 303
Capital grants		
MIG	34 018 000	22 743 323
Regional Bulk Water Infrastructure Grant	2 746 183	-
	36 764 183	22 743 323
	117 791 362	93 689 626
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. The equitable share is an unconditional grant and is utilised to assist the local municipalities to undertake service delivery.		
MSIG		
Balance unspent at beginning of year	15 938	433 311
Current-year receipts	800 000	790 000
Conditions met - transferred to revenue	(815 938)	(1 207 373)
	-	15 938
Conditions still to be met - remain liabilities (see note 18).		
MFMG		
Balance unspent at beginning of year	341 342	511 491
Current-year receipts	1 500 000	1 450 000
Conditions met - transferred to revenue	(1 795 753)	(1 620 149)
	45 589	341 342
Conditions still to be met - remain liabilities (see note 18).		
LG SETA		
Current-year receipts	131 442	332 782
Conditions met - transferred to revenue	(131 442)	(332 782)
	-	-
Regional Bulk Water Infrastructure Grant		
Current-year receipts	2 746 183	-

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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27. Government grants and subsidies (continued)

Conditions met - transferred to revenue	(2 746 183)	-
	-	-

Conditions still to be met - remain liabilities (see note 18).

Provide explanations of conditions still to be met and other relevant information.

MIG

Balance unspent at beginning of year	5 300 677	-
Current-year receipts	34 018 000	28 044 000
Conditions met - transferred to revenue	(34 018 000)	(22 743 323)
	5 300 677	5 300 677

Conditions still to be met - remain liabilities (see note 18).

EPWP Grant

Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(856 688)	-
	143 312	-

Conditions still to be met - remain liabilities (see note 18).

Provide explanations of conditions still to be met and other relevant information.

28. Public contributions and donations

Public contributions and donations	2 043 939	10 441 162
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Public Contributions received - 2013

The Department of Sports, Arts, Culture and Recreation has funded the erection of a Multipurpose Centre in Petrus Steyn. This project was implemented by the Department of Public Works.

The assets are capitalised and included under Community assets under note 11.

Public Contributions received - 2012

During the financial year the municipality received donations in the form of infrastructure. Thabo Mofutsanyana transferred the newly contracted Paved road in Leratswana to the value of R 2,963,088.00.

The Department of Rural Settlement donated a newly constructed Water and Sewer Reticulation for 330 Erven in Petsana Ext.7 to the value of R 7,478,074.39.

The assets are capitalised and included under Infrastructure assets under note 11.

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
29. Bulk purchases		
Electricity	27 709 604	17 303 583
Water	1 125 194	87 621
	28 834 798	17 391 204
30. Debt impairment		
Debt impairment written off	29 608 495	43 155 573
Contributions to debt impairment provision	14 793 915	-
	44 402 410	43 155 573
31. Depreciation and amortisation		
Property, plant and equipment	65 724 948	63 687 900
Investment property	118 257	118 258
Intangible assets	148 954	156 997
	65 992 159	63 963 155
32. Finance costs		
Non-current borrowings	1 521 743	986 334
Late payment of tax	-	10 153
Long term provision finance charges	733 000	422 430
	2 254 743	1 418 917

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
33. General expenses		
Advertising	398 842	339 451
Auditors remuneration	3 258 557	3 386 094
Bank charges	510 283	361 513
Cleaning	133 740	111 029
Commission paid	378 564	14 874
Consumables	425 106	373 463
Debt collection	71	16 091
Donations	796 746	562 085
Entertainment	2 431 363	589 352
Fines and penalties	22 497	17 917
Hire	9 530	-
Insurance	688 144	455 584
Lease rentals on operating lease	2 787 862	1 195 439
Magazines, books and periodicals	61 000	121 952
Fuel and oil	5 184 308	3 362 742
Postage and courier	137 174	454 519
Printing and stationery	2 042 558	1 184 034
Promotions	707 829	625 543
Subscriptions and membership fees	1 112 303	75 468
Telephone and fax	778 615	796 909
Training	3 476 547	1 002 167
Travel - local	2 475 729	2 038 602
Refuse	1 997 636	1 887 067
Assets expensed	26 293	-
Electricity	9 413 849	4 169 336
Uniforms	228 097	390 032
License fees	106 119	106 125
Chemicals	1 861 862	836 785
Other expenses	2 003 744	491 720
	43 454 968	24 965 893

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Figures in Rand	2013	2012
34. Personnel		
Basic	36 016 911	29 231 005
Bonus	2 600 189	2 216 239
Medical aid	2 312 985	1 863 014
UIF	359 794	312 088
WCA	176 004	219 089
SDL	478 603	542 371
Leave pay provision charge	1 291 365	537 304
Salga	28 474	4 777
Travel, motor car, accommodation, subsistence and other allowances	1 735 502	1 529 283
Overtime payments	2 291 585	2 134 706
Acting allowances	261 459	140 793
Housing benefits and allowances	158 297	152 515
Pension fund contribution	6 412 577	5 376 600
Standby allowance	665 048	641 698
Other & Telephone	551 970	457 694
	55 340 763	45 359 176
Remuneration of municipal manager		
Annual Remuneration	785 047	801 506
Acting Allowance	34 326	-
Car Allowance	140 000	180 000
Contributions to UIF	1 373	1 497
Medical and Pension Funds	39 785	-
	1 000 531	983 003
Remuneration of chief finance officer		
Annual Remuneration	565 169	639 396
Acting allowance	27 829	-
Car Allowance	77 000	84 000
Contributions to UIF	1 373	1 497
	671 371	724 893
The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.		
Total personnel cost		
Personnel - Managers and Other	55 340 763	45 359 176
Municipal Manager	1 000 531	983 003
Chief Financial Offer	671 371	724 893
	57 012 665	47 067 072

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Figures in Rand	2013	2012
35. Remuneration of councillors		
Mayor	673 035	594 773
Executive Committee	1 165 694	1 022 017
Councillors	2 523 877	2 214 567
Speaker	561 897	506 895
	4 924 503	4 338 252
In-kind benefits		
The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of a Council owned vehicle for official duties.		
The Mayor and the Speaker has use of Council owned laptop and i-pad		
The Executive Committee members also has use of Council owned laptops		
Councillor remuneration is in line with the upper limits that is Gazetted by the Department of Cooperative governance and the framework envisaged in section 219 of the Constitution.		
36. Operating deficit		
Operating deficit for the year is stated after accounting for the following:		
Operating lease charges		
Motor vehicles		
• Contractual amounts	1 214 261	-
Equipment		
• Contractual amounts	1 573 601	1 195 439
	2 787 862	1 195 439
Gain on sale of property, plant and equipment	102 341	-
Loss on sale of biological assets	-	(29 956)
Impairment on property, plant and equipment	333 593	-
Amortisation on intangible assets	148 954	156 997
Depreciation on property, plant and equipment	65 724 948	63 687 900
Depreciation on investment property	118 257	118 258
Employee costs	61 937 168	51 405 324
37. Fair value adjustments		
Other financial assets		
• Other financial assets	85 220	149 615
38. Auditors' remuneration		
Fees	3 258 557	3 386 094

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Figures in Rand	2013	2012
39. Contracted services		
Specialist Services	12 082 373	7 728 746
Legal Services	540 508	1 196 382
	12 622 881	8 925 128
40. Cash generated from operations		
Deficit	(36 043 204)	(4 476 631)
Adjustments for:		
Depreciation and amortisation	65 992 159	63 963 155
Loss/(gain) on sale of assets and liabilities	(102 341)	29 956
Fair value adjustments	(85 220)	(149 615)
Impairment deficit	333 593	-
Debt impairment	44 402 410	43 155 573
Movements in retirement benefit assets and liabilities	386 000	95 000
Movements in provisions	889 009	327 430
Other non-cash items	(3 124 398)	5 046 184
Allowance for debt impairment	-	(8 353 558)
Other non-cash items	(2 043 939)	(10 441 162)
Changes in working capital:		
Inventories	(89 836)	58 866
Receivables from non-exchange transactions	(3 966 687)	339 303
Consumer debtors	(54 118 377)	(61 337 911)
Payables from exchange transactions	(4 727 421)	3 432 072
VAT	6 141 595	(5 270 112)
Unspent conditional grants and receipts	(168 379)	4 713 155
Consumer deposits	37 278	19 217
	13 712 242	31 150 922

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	30 299 859	22 684 176
Not yet contracted for and authorised by accounting officer		
• Infrastructure	30 582 340	17 373 731
This committed expenditure relates to infrastructure and will be financed as followed:		
Government Grants	32 297 000	28 044 000
Own resources	17 399 650	16 040 614
Regional Bulk Infrastructure Grant	5 000 000	-
Intergrated Electricity Infrastructure Grant	14 000 000	-
	68 696 650	44 084 614
Retention monies on capital projects		
Ntha: Paving of 6km roads (MIS:163665) - Phase 1 & 2	379 076	275 950
Sewer Network Mamafubedu, Petrus Steyn	-	1 206 778
Packing Plant Providing suitable effluent at Mamafubedu	-	300 000
Arlington: Construction of Solid waste transfer station (MIG430)	-	336 000
Lindley Water purification works (K265B)	-	1 552 677
Reitz: Construction of Solid waste disposal site (MIG420)	-	820 800
	379 076	4 492 205
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	590 524	292 962
- in second to fifth year inclusive	4 188 891	1 464 812
	4 779 415	1 757 774
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	(166 500)	(267 106)
- in second to fifth year inclusive	(242 539)	(409 039)
	(409 039)	(676 145)

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012			
42. Contingencies					
PARTY AND PARTICULARS	ACTUAL AMOUNT INVOLVED	CONTINGENCY AMOUNT INVOLVED	CONTINGENCY NLM LEGAL FEES	SUING PARTY CONTINGENCY	TOTAL CONTINGENCY PLUS COST
Mothei Construction, Company appointed for MIG project suing for professional fees, services and disbursement.	2 104 255	-	526 064	526 064	3 156 383
PAVEMENTS					
Telkom, Damage Telkom cables at 36 1st Street, Reitz	133 394	-	33 350	33 350	200 094
Khovongo Construction	49 324	-	190 000	190 000	429 324
Nketoana Development, Services rendered: Tennis Court	50 740	-	12 685	12 685	76 110
Telkom, Damage Telkom Cables at Steyn Street	66 982	-	16 745	16 745	100 472
Telkom: Damages caused by employees on Voortrekker Street	69 314	-	-	5 260	74 574
Telkom, Damage Telkom Cables at Cnr Swart/Walker Street	17 473	-	4 368	4 368	26 209
Mering CJ, Legal fees on Postponement	5 420	-	-	-	5 420
T.L.W.G. Lekota: Personal Injury, speed hump with no signs Portgieter Street, PS.	810 000	-	202 500	202 500	1 215 000
Telkom: Damage Telkom Cables at 19 Eeufees Street, Petrusteyn	-	50 000	12 500	12 500	75 000
Radebe DD: Unfair dismissal	950 000	-	237 500	-	1 187 500
JS Onderdele: Service rendered - motor vehicle	6 919	-	1 730	-	8 649
Rudnat Projects CC: Services rendered for business plan and designs professional fees	5 287 036	-	1 321 759	1 321 759	7 930 554
Blue Kite Properties: Sale of Old Auction Kraalsindley. Company paid for buying land and wants to cancel	45 600	-	11 400	11 400	68 400

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Notes to the Annual Financial Statements

Figures in Rand				2013	2012
42. Contingencies (continued)					
Reitz Billie Millie: Contract of sale of Reitz show land. Dispute pending in the High Court	-	900 000	225 000	225 000	1 350 000
Mozemanga Trading: Serives Rendered	766 238	-	191 560	191 560	1 149 358
Bara Ba Bataung: Services rendered:	-	900 000	-	-	900 000
Running of Arbatoir and compliance fees					
Adv. Mofokeng Mosebetsi	10 492 193	-	2 623 049	-	13 115 242
	20 854 888	1 850 000	5 610 210	2 753 191	31 068 289

NOTES: SOURCE OF CONTINGENCY CALCULATIONS: SURBODINATE LEGISLATION IN TERMS OF THE CONTINGENCY FEES ACT, 1997(ACT 66 OF 1997)

(a) Section 1(vi)(b) and 5: Determination of of Professional Controlling Body and designation of a body published in Government Notice No. R. 546 of 23 April 1999(Government GazetteNo. 20009) and amended by Government

Notice No.R. 1110 of 3November 2000 (Government Gazette no 21719). LIMIT AT 25% OF CLAIM AMOUNT. Actual amount represent the actual amount as it appear on the letter of demand, summons or claim in other tribunial such as bargain council as calculated amount on contract or legislation .

Contingency of amount involved refers to amount where the demand does not specify the amount claim pending qoutations or actual repairs costs, or other costs,

Suing Party Contingency on Legal on Legal Fees refers to costs of party suing municipality legal costs as calculated based on Contingency Fees Act 66 of 1997.

Contingency on NLM legal fees refers to legal fees contingency that municipality pays its legal representation.

Contingency - VAT payable

The municipality had claimed VAT on invoice from VAT vendors whose invoice did not meet the requirements of a valid tax invoice as required by Section 20 of Value Added Tax 89 of 1991.

The municipalities possible liability as a result of the above is estimated at R 208,642.30.

Contingencies arising from pending litigation on the wage curve agreement.

As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/payable for the employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/payable prior to the outcome of the litigation. Furthermore the municipality did not have proper job evaluations in place to be use as a basis of determining the amount of contingency.

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Figures in Rand	2013	2012
43. Related parties		
Relationships		
Accounting Officer	Refer to accounting officer's report note	
Chief Financial Officer (Acting)	F Mzizi (Piletso Kgamathai Construction)	
Councillors	Radebe Teboho Patrick (Vis a Vis Trading)	
	Tshabalala Ncani Selina (Dexpro Construction and)	
	Mosia Mokete Jeremiah (Mahatammoho Reteng)	
	Mokoena Kgaketla Abram (Re Bonahatse construction	
	Blignaut Marthinus -	
	NG Welsyn Reitz-Tehuis	
	Monaufic Belegging	
	NG Welsyn Reitz Wooneenhede	
	Agristan SA	
	Tipakri Eiendoms Beleggings	
	Mofokeng Phoka Petrus(P M M M Builders	
	Purple Moss 1057)	
	Moshwadiba Paseka Zacharia(Shwak's Construction	
	And Distribution)	
Managers	Mokgatlhe Lekgetho(Entle Trading 507)	
	Lekgau Tebogo(Seopex trading And Projects)	
	Maseko Sebina Mable(Maseko And Moji Trading And	
	Projects)	
	Sithole Bongumusa Benedict(Bongment Consulting	
	Skwaya Construction And Services	
	Zakios Trading Enterprise)	
	Letsela Samson Moeketsi(Thabo Mofutsanyane	
	Goodman Football Academy	
	Small Green Garden Centre	
	Lapoloha Restaurant)	
Directors	Nhlapo Solomon Mokete(Kido Consultancy)	
	Manzi Mwandile Penwel(Nthape I T	
	Mamampu Trading Enterprise	
	Mzwajo Project Management Services	
	Penzwa Consultancy Agency)	
	Moletsane Morakane Mariam(Keewave Trading 97)	
	(Femininity In Development)	
	(MoletsaneMM Project Management And	
	Construction)	
	(Superior Quality Engineering And Technologies 7)	
	(Thembalentswe Construction And projects)	
	(Moletsane And Diale sservice Providers)	

The above members of council has active business during the financial year under review, however did not trade with the municipality either directly or indirectly.

44. Prior period errors

The correction of the error(s) results in adjustments as follows:

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
44. Prior period errors (continued)		
Statement of financial position - 2012		
Other creditors	-	402 864
Petty cash	-	(17 035)
Intangible assets	-	(564 646)
Payables from exchange transactions	-	27 500
Consumer and Other Debtors	-	(4 686 268)
Property, plant and equipment	-	737 912
Investment	-	345 933
Statement of financial position - 2011		
Payables from exchange transactions	-	(205 734)
Employee benefit cost	-	(2 420 000)
Property, plant and equipment	-	(6 000 543)
Statement of financial performance - 2011		
General expense	-	(255 360)
Finance cost	-	(212 155)

Other Creditors.

Cash and cash equivalents unreconciliation items included in Other creditors were investigated during the year and were found to have included transaction that were not actual transaction on the bank account.

Petty cash.

Petty cash expenses were directly paid to the petty cash vote and not expense to the relevant expense account, leaving a balance at year end.

Intangible Assets.

Amortisation were omitted from intangible assets after a reperformance of a depreciation were performed on the asset module which related to the assets register of the previous year.

Payables from exchange transactions.

Proceeds from sale of biological assets were allocated to unknow deposits and through the income statement therefore the loss were not offsetted against the proceeds.

Accounts payable included the instalment that were paid on the DBSA loan which belong to 2013 financial period and were corrected in the current financial year

Omission of creditor during the 2012 financial year. Legal services were rendered and the invoice were under dispute and not proceeds as a creditor.