Ugu District Municipality
(Registration number DC21)
Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	362 970 667	69 578 566	**432 549 233**	327 981 324	**(104 567 909)**	
Grants	737 222 234	5 285 744	**742 507 978**	747 241 150	**4 733 172**	
Interest income	7 918 850	9 954 924	**17 873 774**	30 628 193	**12 754 419**	
	1 108 111 751	**84 819 234**	**1 192 930 985**	**1 105 850 667**	**(87 080 318)**	
Payments						
Employee costs	(300 240 123)	(15 710 970)	**(315 951 093)**	(312 201 457)	**3 749 636**	
Finance costs	(18 951 934)	5 671	**(18 946 263)**	(13 556 116)	**5 390 147**	
Other payments	(389 285 163)	(18 904 644)	**(408 189 807)**	(365 319 603)	**42 870 204**	
	(708 477 220)	**(34 609 943)**	**(743 087 163)**	**(691 077 176)**	**52 009 987**	
Net cash flows from operating activities	**399 634 531**	**50 209 291**	**449 843 822**	**414 773 491**	**(35 070 331)**	
Purchase of property, plant and equipment	(337 894 499)	(72 972 719)	**(410 867 218)**	(360 375 854)	**50 491 364**	
Proceeds from sale of property, plant and equipment	-	-	**-**	963 496	**963 496**	
Purchase of other intangible assets	-	-	**-**	(4 901 812)	**(4 901 812)**	
Proceeds from sale of financial assets	-	-	**-**	209 540	**209 540**	
Net cash flows from investing activities	**(337 894 499)**	**(72 972 719)**	**(410 867 218)**	**(364 104 630)**	**46 762 588**	
Cash flows from financing activities						
Increase/(decrease) in consumer deposits	979 017	-	**979 017**	(3 063 785)	**(4 042 802)**	
Repayment of other financial liabilities	(18 753 675)	-	**(18 753 675)**	(17 893 632)	**860 043**	
Net cash flows from financing activities	**(17 774 658)**	**-**	**(17 774 658)**	**(20 957 417)**	**(3 182 759)**	
Net increase/(decrease) in cash and cash equivalents	43 965 374	(22 763 428)	**21 201 946**	29 711 444	**8 509 498**	
Cash and cash equivalents at the beginning of the year	190 605 261	55 944 173	**246 549 434**	246 549 434	**-**	
Cash and cash equivalents at the end of the year	**234 570 635**	**33 180 745**	**267 751 380**	**276 260 878**	**8 509 498**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	407 861 122	55 050 383	**462 911 505**	316 107 885	**(146 803 620)**	58
Rental of facilities and equipment	1 484 607	316 518	**1 801 125**	1 089 006	**(712 119)**	58
Other income	7 861 935	18 495 822	**26 357 757**	16 097 754	**(10 260 003)**	58
Interest received - investment	9 102 126	12 096 617	**21 198 743**	29 874 150	**8 675 407**	58
Total revenue from exchange transactions	**426 309 790**	**85 959 340**	**512 269 130**	**363 168 795**	**(149 100 335)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	736 542 234	9 615 744	**746 157 978**	733 381 765	**(12 776 213)**	58
Total revenue	**1 162 852 024**	**95 575 084**	**1 258 427 108**	**1 096 550 560**	**(161 876 548)**	
Expenditure						
Personnel	(290 323 933)	(14 560 093)	**(304 884 026)**	(294 667 945)	**10 216 081**	58
Remuneration of councillors	(9 916 190)	(1 150 877)	**(11 067 067)**	(8 957 246)	**2 109 821**	58
Depreciation and amortisation	(70 284 811)	(46 036 265)	**(116 321 076)**	(194 949 604)	**(78 628 528)**	58
Impairment loss/ Reversal of impairments	(23 071 655)	2 500	**(23 069 155)**	(97 093 187)	**(74 024 032)**	58
Finance costs	(18 951 934)	5 671	**(18 946 263)**	(13 556 084)	**5 390 179**	58
Lease rentals on operating lease	(1 000 000)	50 000	**(950 000)**	(2 050 086)	**(1 100 086)**	58
Bad debts written off	-	-	**-**	(172 017)	**(172 017)**	58
Repairs and maintenance	(58 496 974)	(5 134 441)	**(63 631 415)**	(63 008 980)	**622 435**	58
Bulk purchases	(69 255 000)	-	**(69 255 000)**	(66 091 136)	**3 163 864**	58
Contracted Services	(22 337 123)	(3 223 440)	**(25 560 563)**	(22 704 656)	**2 855 907**	58
Transfers and Subsidies	(95 189 882)	(3 416 431)	**(98 606 313)**	(37 172 994)	**61 433 319**	58
General Expenses	(145 760 837)	(3 659 611)	**(149 420 448)**	(126 286 765)	**23 133 683**	58
Total expenditure	**(804 588 339)**	**(77 122 987)**	**(881 711 326)**	**(926 710 700)**	**(44 999 374)**	
Operating surplus	**358 263 685**	**18 452 097**	**376 715 782**	**169 839 860**	**(206 875 922)**	
Gain on disposal of assets and liabilities	-	-	**-**	646 992	**646 992**	
Fair value adjustments	-	-	**-**	96 749	**96 749**	
	-	**-**	**-**	**743 741**	**743 741**	
Surplus before taxation	**358 263 685**	**18 452 097**	**376 715 782**	**170 583 601**	**(206 132 181)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**358 263 685**	**18 452 097**	**376 715 782**	**170 583 601**	**(206 132 181)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	9 052 932	15 147 791	**24 200 723**	11 524 055	**(12 676 668)**	
Current portion of Long-term receivables	57 461	(3 013)	**54 448**	11 594	**(42 854)**	
Operating lease asset	-	-	**-**	46 289	**46 289**	
Receivables from non-exchange transactions	5 372 678	48 165 596	**53 538 274**	27 115 383	**(26 422 891)**	
VAT receivable	-	-	**-**	36 461 097	**36 461 097**	
Receivables from exchange transactions	75 878 189	25 196 687	**101 074 876**	58 696 872	**(42 378 004)**	
Cash and cash equivalents	234 570 635	33 180 746	**267 751 381**	258 763 006	**(8 988 375)**	
	324 931 895	**121 687 807**	**446 619 702**	**392 618 296**	**(54 001 406)**	
Non-Current Assets						
Investment property	22 500 000	8 373 414	**30 873 414**	29 500 000	**(1 373 414)**	
Property, plant and equipment	2 579 253 144	1 190 904 176	**3 770 157 320**	3 994 952 987	**224 795 667**	
Intangible assets	12 508 519	(3 078 595)	**9 429 924**	11 460 699	**2 030 775**	
Investments in controlled entities	-	-	**-**	200	**200**	
Long-term receivables	136 078	148 098	**284 176**	101 365	**(182 811)**	
	2 614 397 741	**1 196 347 093**	**3 810 744 834**	**4 036 015 251**	**225 270 417**	
Total Assets	**2 939 329 636**	**1 318 034 900**	**4 257 364 536**	**4 428 633 547**	**171 269 011**	
Liabilities						
Current Liabilities						
Current portion of long-term liabilities	17 815 991	5 262 264	**23 078 255**	19 727 697	**(3 350 558)**	
Operating lease liability	-	-	**-**	55 585	**55 585**	
Payables from exchange transactions	87 318 742	92 480 860	**179 799 602**	176 397 203	**(3 402 399)**	
Consumer deposits	20 559 365	476 340	**21 035 705**	20 606 607	**(429 098)**	
Unspent conditional grants and receipts	-	-	**-**	8 729 920	**8 729 920**	
Provisions	2 116 481	19 165 732	**21 282 213**	25 157 337	**3 875 124**	
Bank overdraft	-	-	**-**	2 306 145	**2 306 145**	
	127 810 579	**117 385 196**	**245 195 775**	**252 980 494**	**7 784 719**	
Non-Current Liabilities						
Long-term liabilities	131 323 325	20 434 608	**151 757 933**	125 825 541	**(25 932 392)**	
Retirement benefit liabilities	-	-	**-**	15 571 785	**15 571 785**	
Other long-term employee benefits	31 435 616	(1 527 246)	**29 908 370**	14 010 102	**(15 898 268)**	
	162 758 941	**18 907 362**	**181 666 303**	**155 407 428**	**(26 258 875)**	
Total Liabilities	**290 569 520**	**136 292 558**	**426 862 078**	**408 387 922**	**(18 474 156)**	
Net Assets	**2 648 760 116**	**1 181 742 342**	**3 830 502 458**	**4 020 245 625**	**189 743 167**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 648 760 116	1 181 742 342	**3 830 502 458**	4 020 245 625	**189 743 167**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	362 970 667	69 578 566	**432 549 233**	319 339 593	**(113 209 640)**	
Grants	737 222 234	5 285 744	**742 507 978**	747 241 150	**4 733 172**	
Interest income	7 918 850	9 954 924	**17 873 774**	29 874 150	**12 000 376**	
	1 108 111 751	**84 819 234**	**1 192 930 985**	**1 096 454 893**	**(96 476 092)**	
Payments						
Employee costs	(300 240 123)	(15 710 970)	**(315 951 093)**	(296 976 886)	**18 974 207**	
Finance costs	(18 951 934)	5 671	**(18 946 263)**	(13 556 084)	**5 390 179**	
Other payments	(389 285 163)	(18 904 644)	**(408 189 807)**	(378 163 231)	**30 026 576**	
	(708 477 220)	**(34 609 943)**	**(743 087 163)**	**(688 696 201)**	**54 390 962**	
Net cash flows from operating activities	**399 634 531**	**50 209 291**	**449 843 822**	**407 758 692**	**(42 085 130)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(337 894 499)	(72 972 719)	**(410 867 218)**	(359 454 754)	**51 412 464**	
Proceeds from sale of property, plant and equipment	-	-	**-**	874 497	**874 497**	
Purchase of other intangible assets	-	-	**-**	(4 895 935)	**(4 895 935)**	
Decrease/(Increase) in current portion of long-term receivables	-	-	**-**	40 261	**40 261**	
Decrease/(Increase) in long-term receivables	-	-	**-**	169 279	**169 279**	
Net cash flows from investing activities	**(337 894 499)**	**(72 972 719)**	**(410 867 218)**	**(363 266 652)**	**47 600 566**	
Cash flows from financing activities						
Increase/(decrease) in consumer	979 017	-	**979 017**	-	**(979 017)**	
Repayment of other financial liabilities	(18 753 675)	-	**(18 753 675)**	(20 957 417)	**(2 203 742)**	
Net cash flows from financing activities	**(17 774 658)**	**-**	**(17 774 658)**	**(20 957 417)**	**(3 182 759)**	
Net increase/(decrease) in cash and cash equivalents	43 965 374	(22 763 428)	**21 201 946**	23 534 623	**2 332 677**	
Cash and cash equivalents at the beginning of the year	190 605 261	55 944 173	**246 549 434**	232 922 238	**(13 627 196)**	
Cash and cash equivalents at the end of the year	**234 570 635**	**33 180 745**	**267 751 380**	**256 456 861**	**(11 294 519)**	

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Controlling entity - 2016											
Financial Performance											
Service charges	407 861 122	55 050 383	462 911 505	-		462 911 505	316 107 885		(146 803 620)	68 %	78 %
Investment revenue	9 102 126	12 096 617	21 198 743	-		21 198 743	29 874 150		8 675 407	141 %	328 %
Transfers recognised - operational	381 543 814	(1 322 579)	380 221 235	-		380 221 235	362 911 650		(17 309 585)	95 %	95 %
Other own revenue	9 346 542	18 812 340	28 158 882	-		28 158 882	17 930 501		(10 228 381)	64 %	192 %
Total revenue (excluding capital transfers and contributions)	**807 853 604**	**84 636 761**	**892 490 365**	**-**		**892 490 365**	**726 824 186**		**(165 666 179)**	**81 %**	**90 %**
Employee costs	(290 323 933)	(14 560 093)	(304 884 026)	-	-	(304 884 026)	(294 667 945)	-	10 216 081	97 %	101 %
Remuneration of councillors	(9 916 190)	(1 150 877)	(11 067 067)	-	-	(11 067 067)	(8 957 246)	-	2 109 821	81 %	90 %
Debt impairment	-	-	-			-	(172 017)	172 017	(172 017)	100 %	100 %
Depreciation and asset impairment	(93 356 466)	(46 033 765)	(139 390 231)			(139 390 231)	(292 042 791)	112 677 428	(152 652 560)	210 %	313 %
Finance charges	(18 951 934)	5 671	(18 946 263)	-	-	(18 946 263)	(13 556 084)	-	5 390 179	72 %	72 %
Materials and bulk purchases	(69 255 000)	-	(69 255 000)	-	-	(69 255 000)	(66 091 136)	-	3 163 864	95 %	95 %
Transfers and grants	(95 189 882)	(3 416 431)	(98 606 313)	-	-	(98 606 313)	(37 172 994)	-	61 433 319	38 %	39 %
Other expenditure	(227 594 934)	(11 967 492)	(239 562 426)	-	-	(239 562 426)	(214 050 487)	1 100 086	25 511 939	89 %	94 %
Total expenditure	**(804 588 339)**	**(77 122 987)**	**(881 711 326)**	**-**	**-**	**(881 711 326)**	**(926 710 700)**	**113 949 531**	**(44 999 374)**	**105 %**	**115 %**
Surplus/(Deficit)	**3 265 265**	**7 513 774**	**10 779 039**	**-**		**10 779 039**	**(199 886 514)**		**(210 665 553)**	**(1 854)%**	**(6 122)%**

Ugu District Municipality

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Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	354 998 420	10 938 323	365 936 743	-		365 936 743	370 470 115		4 533 372	101 %	104 %
Surplus (Deficit) after capital transfers and contributions	**358 263 685**	**18 452 097**	**376 715 782**	**-**		**376 715 782**	**170 583 601**		**(206 132 181)**	**45 %**	**48 %**
Surplus/(Deficit) for the year	**358 263 685**	**18 452 097**	**376 715 782**	**-**		**376 715 782**	**170 583 601**		**(206 132 181)**	**45 %**	**48 %**
Capital expenditure and funds sources											
Total capital expenditure	396 652 920	14 214 298	410 867 218	-		410 867 218	364 488 055		(46 379 163)	89 %	92 %
Sources of capital funds											
Transfers recognised - capital	354 998 420	9 438 323	364 436 743	-		364 436 743	334 217 843		(30 218 900)	92 %	94 %
Internally generated funds	41 654 500	4 775 975	46 430 475	-		46 430 475	30 270 212		(16 160 263)	65 %	73 %
Total sources of capital funds	**396 652 920**	**14 214 298**	**410 867 218**	**-**		**410 867 218**	**364 488 055**		**(46 379 163)**	**89 %**	**92 %**

Ugu District Municipality

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Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Controlling entity - 2015				
Financial Performance				
Service charges				295 020 086
Investment revenue				18 995 968
Transfers recognised - operational				321 617 663
Other own revenue				18 294 653
Total revenue (excluding capital transfers and contributions)				**653 928 370**
Employee costs	(8 200 248)	(8 200 248)	-	(267 421 308)
Remuneration of councillors	-	-	-	(8 689 921)
Depreciation and asset impairment	(248 461 636)	(248 461 636)	-	(357 690 125)
Finance charges	-	-	-	(12 812 707)
Materials and bulk purchases	-	-	-	(52 626 127)
Transfers and grants	-	-	-	(45 521 982)
Other expenditure	(17 132 246)	(17 132 246)	-	(188 489 432)
Total expenditure	**(273 794 130)**	**(273 794 130)**	**-**	**(933 251 602)**
Surplus/(Deficit)				**(279 323 232)**
Transfers recognised - capital				400 790 430
Surplus (Deficit) after capital transfers and contributions				**121 467 198**
Surplus/(Deficit) for the year				**121 467 198**

Ugu District Municipality

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Appropriation Statement

Figures in Rand	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Capital expenditure and funds sources				
Total capital expenditure				347 808 833
Sources of capital funds				
Transfers recognised - capital				295 543 720
Internally generated funds				29 987 028
Total sources of capital funds				**325 530 748**

Accounting Policies

1. Presentation of Consolidated Financial Statements

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. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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.

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 Going concern assumption

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