



**Zululand District Municipality
Annual Financial Statements
for the year ended 30 June 2021**

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

General Information

Nature of business and principal activities

Water provision as per Water services Act and Schedule B of Municipal Structures Act

Mayoral committee

Mayor	Cllr Buthelezi TD
Speaker	Cllr Mncwango BJ
Deputy Mayor	Cllr Kunene MM
Member of the Executive Committee	Cllr Nkwanyana SE
Member of the Executive Committee	Cllr Khumalo BK (Replaced Cllr Nkosi IS from February 2021)
Member of the Executive Committee	Cllr Mhlungu MM
Member of the Executive Committee	Cllr Qwabe SE

Other Councillors

Member	Cllr Buthelezi SN
Member	Cllr Buthelezi Z
Member	Cllr Khumalo ME
Member	Cllr Mashabane SP
Member	Cllr Mavuso NP
Member	Cllr Mazibuko MA
Member	Cllr Mbatha SM
Member	Cllr Mkhize TK
Member	Cllr Mkhwanazi SB
Member	Cllr Mncwango AM
Member	Cllr Mncwango SA
Member	Cllr Mthethwa JB
Member	Cllr Ndlela NP
Member	Cllr Ndlovu TD
Member	Cllr Ngema JB
Member	Cllr Nhlabathi BC (Replaced Cllr Nxumalo NE from February 2021)
Member	Cllr Nsele TJ
Member	Cllr Nyawo D
Member	Cllr Shabalala B
Member	Cllr Sikhakhane MZ
Member	Cllr Sithole ZN
Member	Cllr Siyaya SS
Member	Cllr Siyaya Z
Member	Cllr Tembe NH
Member	Cllr Victor M
Member	Cllr Ximba SP
Member	Cllr Zulu RM
Member	Cllr Zulu MMM
Member	Cllr Zungu JZ

Grading of local authority

Grade 4, Category 3 in terms of the Upper limit of Office bearers Act

Jurisdiction

DC 26 as per the Demarcation Board

Senior Management

Chief Financial Officer - Mr RN Hlongwa
HOD: Corporate Services - Mr A Khumalo (Acting)
HOD: Community Services - Mr SP Mosia
HOD: Planning - Mr S Kheswa (Acting)
HOD: Technical Services - Mr J Jordan (Acting)

Zululand District Municipality

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General Information

Accounting Officer	Mr MP Manqele
Registered office	B-400 GAGANE STREET ULUNDI 3838
Business address	B-400 GAGANE STREET ULUNDI SOUTH AFRICA 3838
Postal address	PRIVATE BAG X76 ULUNDI 3838
Bankers	ABSA Bank Limited
Auditors	Auditor-General South Africa
Attorneys	Stowels & Co. Inc.
Telephone	035-874 5500
Fax number	035-874 5589/91
Email address	mm@zululand.org.za

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
CIGFARO	Chartered Institute of Government Finance, Auditing and Risk Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
WSIG	Water Services Infrastructure Grant
RBIG	Regional Bulk Infrastructure Grant
ASB	Accounting Standard Board

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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 annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual 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 annual financial statements and are given unrestricted access to all financial records and related data.

The management has concluded that the financial statements present fairly the municipality's financial position, financial performance and the cash flows.

The annual 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.

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 76 in terms of Section 126(1) of the Municipal Finance Management Act and which I signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of Public Office Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

Mr MP Manqele
Accounting Officer

31 August 2021

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

	Note(s)	2021 R	2020 Restated* R
Assets			
Current Assets			
Cash and cash equivalents	3	20 058 248	12 290 031
Trade Receivables from Exchange Transactions	4	37 798 063	23 936 997
Other receivables from non-exchange transactions	5	1 831 632	2 250 488
Receivables from non-exchange transactions	6	6 531 985	4 336 134
Other receivables from exchange transactions	7	1 152 321	1 602 261
VAT receivable	8	4 364 175	12 301 887
Inventories	9	4 140 345	6 168 123
		75 876 769	62 885 921
Non-Current Assets			
Other receivables from non-exchange transactions	5	16 302 248	15 530 016
Property, plant and equipment	10	4 187 853 126	3 931 763 812
Heritage assets	11	1 212 635	1 212 635
Intangible assets	12	31 999	52 793
		4 205 400 008	3 948 559 256
Total Assets		4 281 276 777	4 011 445 177
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	210 356 577	220 380 273
Consumer deposits	14	3 633 124	3 619 867
Payables from non-exchange transactions	15	81 137	81 137
Unspent conditional grants and receipts	16	2 290 444	3 800 000
Employee benefits obligation (Post Retirement Medical aid)	18	249 000	157 094
Employee benefits obligation (Long Services Award)	18	1 506 000	861 739
		218 116 282	228 900 110
Non-Current Liabilities			
Payables from exchange transactions	17	21 757 945	31 349 600
Employee benefits obligation (Post Retirement Medical aid)	18	22 289 000	35 926 413
Employee benefits obligation (Long Services Award)	18	11 615 000	10 895 615
		55 661 945	78 171 628
Total Liabilities		273 778 227	307 071 738
Net Assets		4 007 498 550	3 704 373 439
Accumulated surplus		4 007 498 541	3 704 373 431

* See Note 59

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

	Note(s)	2021 R	2020 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	19	52 764 917	39 683 886
Rental of facilities and equipment	20	179 242	155 944
Interest received (trading)	21	29 451	27 212
Other income	22	671 929	1 045 072
Investment revenue	23	3 225 646	4 759 511
Total revenue from exchange transactions		56 871 185	45 671 625
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	24	1 024 569 556	977 652 000
Fines, penalties and forfeits	25	7 542 893	4 124
Total revenue from non-exchange transactions		1 032 112 449	977 656 124
Total revenue		1 088 983 634	1 023 327 749
Expenditure			
Employee related costs	26	(234 513 875)	(207 612 683)
Remuneration of councillors	27	(8 488 687)	(8 371 666)
Employee benefits	18	(7 439 464)	(5 000 000)
Depreciation, amortisation and impairments	28	(83 499 781)	(76 146 250)
Lease rentals on operating lease	29	(372 478)	(223 509)
Debt impairment	61	(9 053 913)	(15 905 124)
Bad debts written off	30	(4 634 983)	-
Collection costs	31	(89 188)	96 034
Bulk purchases	32	(24 567 195)	(19 473 882)
Contracted services	33	(294 417 318)	(251 850 850)
Transfers and subsidies	34	(12 890 845)	(6 939 481)
Inventory consumed	35	(10 268 195)	(14 684 708)
General expenses	36	(112 724 802)	(98 591 711)
Total expenditure		(802 960 724)	(704 703 830)
Operating surplus		286 022 910	318 623 919
Gain or loss on disposal of assets and liabilities	37	47 017	(37 388)
Fair value adjustments	39	-	2 005 498
Actuarial gains/losses	18	19 621 325	(5 616 861)
Transfer from Work in progress		-	(8 804 173)
Impairment loss		(656 322)	(1 679 931)
Financial loss recovered	41	-	1 101 000
Inventories (losses/write-downs)/reversal of write downs	42	(2 111 495)	1 138 323
Prior year adjustment on fully depreciated assets	43	-	4 104 643
Gain from non-exchange transactions	44	201 670	8 643 384
		17 102 195	854 495
Surplus for the year		303 125 105	319 478 414

* See Note 59

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

		Accumulated surplus R	Total net assets R
Balance at 01 July 2019		3 384 895 017	3 384 895 017
Changes in net assets			
Surplus for the year		319 478 414	319 478 414
Total changes		<u>319 478 414</u>	<u>319 478 414</u>
Opening balance as previously reported		3 715 227 382	3 715 227 382
Adjustments			
Prior year adjustments	59.10	(10 853 946)	(10 853 946)
Restated* Balance at 01 July 2020 as restated*		3 704 373 436	3 704 373 436
Changes in net assets			
Surplus for the year		303 125 105	303 125 105
Total changes		<u>303 125 105</u>	<u>303 125 105</u>
Balance at 30 June 2021		<u>4 007 498 541</u>	<u>4 007 498 541</u>
Note(s)			

* See Note 59

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

	Note(s)	2021 R	2020 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		25 410 596	20 275 329
Grants		1 022 104 500	981 452 000
Rental income		179 242	157 003
Other Income		685 186	1 125 345
Interest on Service charges		29 451	27 212
Interest income		3 202 595	4 759 511
Fines and penalties		7 542 893	3 874
		<u>1 059 154 463</u>	<u>1 007 800 274</u>
Payments			
Employee costs		(238 567 634)	(216 353 673)
Suppliers		(458 617 927)	(372 032 669)
Transfers and Subsidies		(12 890 845)	(307 447)
		<u>(710 076 406)</u>	<u>(588 693 789)</u>
Net cash flows from operating activities	46	<u>349 078 057</u>	<u>419 106 485</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(341 455 841)	(410 477 198)
Proceeds from sale of property, plant and equipment	10	146 000	(1)
Purchase of other intangible assets	12	-	(13 413)
Proceeds from insurance claim		-	(8 804 173)
		<u>(341 309 841)</u>	<u>(419 294 785)</u>
Net cash flows from investing activities		<u>(341 309 841)</u>	<u>(419 294 785)</u>
Net increase/(decrease) in cash and cash equivalents		7 768 216	(188 300)
Cash and cash equivalents at the beginning of the year		<u>12 290 031</u>	<u>12 478 331</u>
Cash and cash equivalents at the end of the year	3	<u>20 058 247</u>	<u>12 290 031</u>

* See Note 59

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	52 507 445	-	52 507 445	52 764 917	257 472	
Rental of facilities and equipment	200 000	-	200 000	179 242	(20 758)	
Interest received (trading)	-	-	-	29 451	29 451	
Other income	900 000	-	900 000	671 929	(228 071)	
Investment revenue	5 000 000	-	5 000 000	3 225 646	(1 774 354)	
Total revenue from exchange transactions	58 607 445	-	58 607 445	56 871 185	(1 736 260)	
Revenue from non-exchange transactions						
Taxation revenue						
Interest, dividends and rent on land	-	56 000	56 000	-	(56 000)	
Transfer revenue						
Government grants & subsidies	959 289 000	67 571 000	1 026 860 000	1 024 569 556	(2 290 444)	
Fines, penalties and forfeits	100 000	(56 000)	44 000	7 542 893	7 498 893	
Total revenue from non-exchange transactions	959 389 000	67 571 000	1 026 960 000	1 032 112 449	5 152 449	
Total revenue	1 017 996 445	67 571 000	1 085 567 445	1 088 983 634	3 416 189	
Expenditure						
Employee related costs	(223 466 046)	(2 000 000)	(225 466 046)	(234 513 875)	(9 047 829)	
Remuneration of councillors	(8 350 455)	-	(8 350 455)	(8 488 687)	(138 232)	
Employee benefits	-	-	-	(7 439 464)	(7 439 464)	
Depreciation and amortisation	(62 885 694)	-	(62 885 694)	(83 499 781)	(20 614 087)	
Impairment loss/ Reversal of impairments	-	-	-	(656 322)	(656 322)	
Lease rentals on operating lease	(700 000)	450 000	(250 000)	(372 478)	(122 478)	
Debt Impairment	(11 000 000)	(3 723 000)	(14 723 000)	(9 053 913)	5 669 087	
Impairment loss	-	-	-	(4 634 983)	(4 634 983)	
Collection costs	(600 000)	450 000	(150 000)	(89 188)	60 812	
Bulk purchases	(23 552 113)	-	(23 552 113)	(24 567 195)	(1 015 082)	
Contracted services	(139 216 858)	(34 627 594)	(173 844 452)	(294 417 318)	(120 572 866)	
Transfers and Subsidies	(10 852 000)	(2 266 640)	(13 118 640)	(12 890 845)	227 795	
Inventory consumed	(8 590 000)	544 920	(8 045 080)	(10 268 195)	(2 223 115)	
General expenses	(74 649 027)	(21 170 686)	(95 819 713)	(112 724 802)	(16 905 089)	
Total expenditure	(563 862 193)	(62 343 000)	(626 205 193)	(803 617 046)	(177 411 853)	
Operating surplus	454 134 252	5 228 000	459 362 252	285 366 588	(173 995 664)	
Gain on disposal of assets and liabilities	-	-	-	47 017	47 017	
Actuarial gains/losses	-	-	-	19 621 325	19 621 325	
Inventories losses/write-downs	-	-	-	(2 111 495)	(2 111 495)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Gain from non-exchange transactions	-	-	-	201 670	201 670	
	-	-	-	17 758 517	17 758 517	
Surplus before taxation	454 134 252	5 228 000	459 362 252	303 125 105	(156 237 147)	
Actual Amount on Comparable Basis	454 134 252	5 228 000	459 362 252	303 125 105	(156 237 147)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4 000 000	-	4 000 000	4 140 345	140 345	
Other receivables from non-exchange transactions	-	-	-	1 831 632	1 831 632	
Receivables from non-exchange transactions	11 466 622	11 000 000	22 466 622	6 531 985	(15 934 637)	
Other receivables from exchange transactions	-	-	-	1 152 321	1 152 321	
Consumer debtors	35 403 538	-	35 403 538	37 798 063	2 394 525	
VAT receivable	-	-	-	4 364 175	4 364 175	
Cash and cash equivalents	66 967 000	(8 439 747)	58 527 253	20 058 248	(38 469 005)	
	117 837 160	2 560 253	120 397 413	75 876 769	(44 520 644)	
Non-Current Assets						
Property, plant and equipment	4 608 942 141	6 228 000	4 615 170 141	4 187 853 126	(427 317 015)	
Intangible assets	-	-	-	31 999	31 999	
Heritage assets	1 000 000	(1 000 000)	-	1 212 635	1 212 635	
Other receivables from non-exchange transactions	14 300 000	-	14 300 000	16 302 248	2 002 248	
	4 624 242 141	5 228 000	4 629 470 141	4 205 400 008	(424 070 133)	
Total Assets	4 742 079 301	7 788 253	4 749 867 554	4 281 276 777	(468 590 777)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	120 000 000	91 000 000	211 000 000	210 356 577	(643 423)	
Taxes and transfers payable (non-exchange)	-	-	-	81 137	81 137	
Consumer deposits	3 612 000	-	3 612 000	3 633 124	21 124	
Employee benefits obligation (Post Retirement Medical aid)	-	-	-	249 000	249 000	
Unspent conditional grants and receipts	-	-	-	2 290 444	2 290 444	
Employee benefits obligation (Long Services Award)	15 000 000	(15 000 000)	-	1 506 000	1 506 000	
	138 612 000	76 000 000	214 612 000	218 116 282	3 504 282	
Non-Current Liabilities						
Employee benefits obligation (Post Retirement Medical aid)	45 000 000	-	45 000 000	22 289 000	(22 711 000)	
Employee benefits obligation (Long Services Award)	-	-	-	11 615 000	11 615 000	
Payables from exchange transactions	-	-	-	21 757 945	21 757 945	
	45 000 000	-	45 000 000	55 661 945	10 661 945	
Total Liabilities	183 612 000	76 000 000	259 612 000	273 778 227	14 166 227	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Net Assets	4 558 467 301	(68 211 747)	4 490 255 554	4 007 498 550	(482 757 004)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4 558 467 301	(68 211 747)	4 490 255 554	4 007 498 550	(482 757 004)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	26 129 834	-	26 129 834	25 410 596	(719 238)	
Grants	959 289 000	63 771 000	1 023 060 000	1 022 104 500	(955 500)	
Interest income	5 000 000	-	5 000 000	3 202 595	(1 797 405)	
Other receipts	102 000 005	(102 000 005)	-	8 436 772	8 436 772	
	1 092 418 839	(38 229 005)	1 054 189 834	1 059 154 463	4 964 629	

Payments

Employee costs	(231 816 503)	-	(231 816 503)	(238 567 634)	(6 751 131)	
Suppliers	(247 307 998)	24 137 646	(223 170 352)	(458 617 927)	(235 447 575)	
Other cash item	(94 309 646)	700 000	(93 609 646)	(12 890 845)	80 718 801	
	(573 434 147)	24 837 646	(548 596 501)	(710 076 406)	(161 479 905)	

Net cash flows from operating activities **518 984 692** **(13 391 359)** **505 593 333** **349 078 057** **(156 515 276)**

Cash flows from investing activities

Purchase of property, plant and equipment	(454 134 250)	(5 228 000)	(459 362 250)	(341 455 841)	117 906 409	
Proceeds from sale of investment property	-	-	-	146 000	146 000	

Net cash flows from investing activities **(454 134 250)** **(5 228 000)** **(459 362 250)** **(341 309 841)** **118 052 409**

Cash flows from financing activities

Movement in rental deposit held	(88 000)	88 000	-	-	-	
Net increase/(decrease) in cash and cash equivalents	64 762 442	(18 531 359)	46 231 083	7 768 216	(38 462 867)	
Cash and cash equivalents at the beginning of the year	2 204 366	10 091 666	12 296 032	12 290 031	(6 001)	
Cash and cash equivalents at the end of the year	66 966 808	(8 439 693)	58 527 115	20 058 247	(38 468 868)	

Reconciliation

The accounting policies on pages 18 to 33 and the notes on pages 33 to 76 form an integral part of the annual financial statements.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

	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
	R	R	R	R	R	R	R	R	R		
2021											
Financial Performance											
Service charges	52 507 445	-	52 507 445	-		52 507 445	52 764 917		257 472	100 %	100 %
Investment revenue	5 000 000	56 000	5 056 000	-		5 056 000	3 225 646		(1 830 354)	64 %	65 %
Transfers recognised - operational	515 221 000	63 123 000	578 344 000	-		578 344 000	577 832 876		(511 124)	100 %	112 %
Other own revenue	1 200 000	(56 000)	1 144 000	-		1 144 000	8 423 515		7 279 515	736 %	702 %
Total revenue (excluding capital transfers and contributions)	573 928 445	63 123 000	637 051 445	-		637 051 445	642 246 954		5 195 509	101 %	112 %
Employee costs	(223 466 046)	(2 000 000)	(225 466 046)	-	-	(225 466 046)	(234 513 875)	-	(9 047 829)	104 %	105 %
Remuneration of councillors	(8 350 455)	-	(8 350 455)	-	-	(8 350 455)	(8 488 687)	-	(138 232)	102 %	102 %
Debt impairment	(11 000 000)	(3 723 000)	(14 723 000)			(14 723 000)	(9 053 913)	-	5 669 087	61 %	82 %
Depreciation and asset impairment	(62 885 694)	-	(62 885 694)			(62 885 694)	(84 156 103)	-	(21 270 409)	134 %	134 %
Materials and bulk purchases	(23 552 113)	-	(23 552 113)	-	-	(23 552 113)	(24 567 195)	-	(1 015 082)	104 %	104 %
Transfers and grants	(10 852 000)	-	(10 852 000)	-	-	(10 852 000)	(12 890 845)	-	(2 038 845)	119 %	119 %
Other expenditure	(223 755 885)	(56 620 000)	(280 375 885)	-	-	(280 375 885)	(429 387 787)	-	(149 011 902)	153 %	192 %
Total expenditure	(563 862 193)	(62 343 000)	(626 205 193)	-	-	(626 205 193)	(803 058 405)	-	(176 853 212)	128 %	142 %
Surplus/(Deficit)	10 066 252	780 000	10 846 252	-		10 846 252	(160 811 451)		(171 657 703)	(1 483)%	(1 598)%

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Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

	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
	R	R	R	R	R	R	R	R	R		
Transfers recognised - capital	444 068 000	4 448 000	448 516 000	-		448 516 000	446 736 680		(1 779 320)	100 %	101 %
Other movements	-	-	-	-		-	8 704 178		8 704 178	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	454 134 252	5 228 000	459 362 252	-		459 362 252	294 629 407		(164 732 845)	64 %	65 %
Surplus/(Deficit) for the year	454 134 252	5 228 000	459 362 252	-		459 362 252	294 629 407		(164 732 845)	64 %	65 %
Capital expenditure and funds sources											
Total capital expenditure	454 134 250	4 930 297	459 064 547	50		459 064 597	341 455 840		(117 608 757)	74 %	75 %
Sources of capital funds											
Transfers recognised - capital	445 042 000	4 150 297	449 192 297	-		449 192 297	-		(449 192 297)	- %	- %
Internally generated funds	9 092 250	780 000	9 872 250	-		9 872 250	-		(9 872 250)	- %	- %
Total sources of capital funds	454 134 250	4 930 297	459 064 547	-		459 064 547	-		(459 064 547)	- %	- %

Zululand District Municipality

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Statement of Comparison of Budget and Actual Amounts

	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
	R	R	R	R	R	R	R	R	R		
Cash flows											
Net cash from (used) operating	518 284 692	(12 691 359)	505 593 333	-		505 593 333	349 078 057		(156 515 276)	69 %	67 %
Net cash from (used) investing	(453 434 250)	(5 928 000)	(459 362 250)	-		(459 362 250)	(341 309 841)		118 052 409	74 %	75 %
Net cash from (used) financing	(88 000)	88 000	-	-		-	-		-	DIV/0 %	- %
Net increase/(decrease) in cash and cash equivalents	64 762 442	(18 531 359)	46 231 083	-		46 231 083	7 768 216		(38 462 867)	17 %	12 %
Cash and cash equivalents at the beginning of the year	2 204 366	10 091 666	12 296 032	-		12 296 032	12 290 031		(6 001)	100 %	558 %
Cash and cash equivalents at year end	66 966 808	(8 439 693)	58 527 115	-		58 527 115	20 058 247		38 468 868	34 %	30 %

The budget variances are explained in note 52

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Presentation of Annual Financial Statements

The annual 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 annual 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 annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded to the nearest Rand.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual 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 annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade 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 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.

In assessing the recoverability of trade receivables the assumption is that all organisations are excluded from the calculation. The remainder of accounts representing residential accounts are assessed as per their payment record. Those that have not been available to pay for the account in a more than twelve months are then provided for doubtful debt.

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. It is reasonably possible that the indigent assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality 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 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 exchange rates inflation interest.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits and Other long term obligations

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.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

Effective interest rate

The municipality 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.

Non-Cash Generating Assets

The Municipality considers its objective of using an asset to designate non-cash generating assets. Those assets that are not used in the objective of generating a commercial return but to deliver services are designated as non-cash generating assets

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. The assessment is done as per note 50.

1.4 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

1.5 Property, plant and equipment

Initial Recognition

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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.

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. The major components are depreciated separately over their useful lives.

Where an asset is acquired by the municipality for no consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the assets' residual value where applicable.

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

Item	Depreciation method	Average useful life
Infrastructure	Straight line	
• Water		7-70 years
• Sewerage		7-70 years
Community	Straight line	
• Buildings		15-70 years
• Recreational Facilities		15-70 years

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

Other property, plant and equipment	Straight line	
• Buildings		10-50 years
• Specialist vehicles		4-15 years
• Other vehicles		4-15 years
• Office equipment		3-25 years
• Furniture and fittings		3-5 years
• Emergency equipment		10-30 years
• Computer equipment		3-11 years
• Office equipment		5 years

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Land is not depreciated as it is deemed to have an indefinite life.

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Repairs and maintenance

The municipality separately disclose expenditure incurred to repair and maintain property, plant and equipment in the notes to the annual financial statements. The disclosure categorises expenditure over all classes of property, plant and equipment.

Assets under delayed construction

The municipality discloses carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting periods. Reasons for halting the construction or development of the asset are provided as per the individual asset and indicate whether any impairment losses have been recognised in relation to these assets.

1.6 Heritage assets

Initial recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.6 Heritage assets (continued)

Measurement at recognition

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

Subsequent measurement

The municipality uses the cost model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirements of heritage asset and can be measured reliably. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generations.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated; however the municipality assesses impairment to all heritage assets at each reporting date.

Derecognition

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the Statement of Financial Performance.

1.7 Intangible assets

Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

After initial recognition, intangible assets are carried at revalued amount, being fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that at the reporting date the carrying amount of the asset does not differ materially from its fair value.

Zululand District Municipality

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Accounting Policies

1.7 Intangible assets (continued)

Any increase in the carrying amount of an intangible asset, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in the carrying amount of an intangible asset, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset 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.

Subsequent measurement - Cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	5-7 years

Derecognition

Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Inventories

Initial recognition

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Inventories (continued)

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.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Subsequent measurement

Inventories, consisting of consumable stores and materials, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.9 Financial instruments

Initial recognition

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Classification

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class

Cash at bank
Accounts receivables and payables

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost

Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP 104 Standard on Financial Instruments.

Impairment and uncollectibility of financial assets

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

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.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.10 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivable are impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade and other receivables are accounted for by reducing the carrying amount of trade and other receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.11 Trade payables

Financial liabilities consist of trade payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.12 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks.

1.13 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, 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.

1.14 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), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality'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.

1.15 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful 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.

1.16 Leases

Operating leases - lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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.

1.17 Provisions and contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Zululand District Municipality

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Accounting Policies

1.18 Revenue from exchange transactions

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 municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality 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 municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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 municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

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 rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

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

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

1.19 Revenue from non-exchange transactions

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.

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.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

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.

Fines constitute both spot fines in the form of meter tampering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.20 Grants, transfer and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset or expense is recognised.

1.21 Borrowing costs

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

1.22 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Post-employment benefits: Defined benefit plans

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

Defined Contribution Plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Pension obligations

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.22 Employee benefits (continued)

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

Municipal Councillors

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits for current employees of the municipality. According to the municipality, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

1.23 VAT

VAT is accounted for on the payment basis i.e. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

1.24 Budget information

The approved budget covers the financial period from 01 Jul 2020 to 30 Jun 2021.

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in a separate budget statement in the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2020 to 30 June 2021.

1.25 Commitments

Most of infrastructure projects are multi-year projects that requires budget funding over certain period of years. At year-end reporting date some funds are committed and contract signed with various contractors to carry out construction of infrastructure projects. Some funds are committed but not yet contracted for. Commitments are disclosed inclusive of VAT.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.26 Non-cash-generating assets

The municipality holds Non-Cash-Generating Assets that are used for service delivery purposes. All assets that are used for service delivery purposes are categorised as Non-cash-generating assets. GRAP 21 is used to determine impairment of Non-Cash-Generating assets. Impairment loss is the amount the carrying value exceeds recoverable service amount of an asset. Impairment is assessed annually during year-end reporting. Impairment loss is recognised to the Statement of Financial Performance. Reversal of the impairment loss affects surplus or deficit for that reporting period.

The municipality determines present value of the remaining service potential of non-generating assets (value in use) through depreciated replacement cost model

1.27 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

Zululand District Municipality

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Accounting Policies

Statutory receivables (continued)

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.29 Related parties

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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality 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 municipality.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.29 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.30 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 municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality 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.

1.31 Accumulated Surplus or Deficit

Surplus or deficit that is determined each year is accumulating to the statement of changes in Net Assets. The accumulated surplus or deficit is recognised net of all prior period errors identified that are summarised in note 59.10 .

Notes to the Annual Financial Statements

	2021	2020
	R	R

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Seperate Financial Statements	01 April 2020	The impact of the is not material.
• GRAP 35: Consolidated Financial Statement	01 April 2020	The impact of the is not material.
• GRAP 36: Investment in Associates and Joint Ventures	01 April 2020	The impact of the is not material.
• GRAP 37: Joint Arrangements	01 April 2020	The impact of the is not material.
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	The impact of the is not material.
• GRAP 110: Living and Non-Living Resources	01 April 2020	The impact of the is not material.
• GRAP 18: Segment Reporting	01 April 2020	The impact of the is not material.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- GRAP 110 (as amended 2016): Living and Non-living Resources 01 April 2020
- Directive 7 (revised): The Application of Deemed Cost 01 April 2020

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2009	Unlikely there will be a material impact
• GRAP 25 (as revised 2021): Employee Benefits	01 April 2009	Unlikely there will be a material impact
• iGRAP 7 (as revised 2021): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2009	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact
• Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	Unlikely there will be a material impact

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R				
3. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Cash on hand	800	5 800				
Cash at bank	20 057 448	12 284 231				
	20 058 248	12 290 031				
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
ABSA BANK - Primary Account Type - 4047-716-2045	20 057 448	13 106 989	12 744 698	20 057 448	12 290 231	12 472 331
4. Trade receivable from exchange transaction						
Gross balances						
Water				120 007 199		98 497 863
Waste water				33 072 256		32 592 465
Other				317 106		265 777
				153 396 561		131 356 105
Less: Allowance for impairment						
Water				(87 480 057)		(79 246 518)
Waste water				(28 109 095)		(28 166 060)
Other				(9 346)		(6 530)
				(115 598 498)		(107 419 108)
Net balance						
Water				32 527 142		19 251 345
Waste water				4 963 161		4 426 405
Other				307 760		259 247
				37 798 063		23 936 997
Water						
Current (0 -30 days)				17 270 117		6 537 503
31 - 60 days				2 290 620		1 439 481
61 - 90 days				2 551 305		2 004 521
91 - 120 days				2 640 155		2 147 813
121 - 365 days				21 557 378		13 026 884
> 365 days				77 646 005		75 611 267
Less: Impairment				(91 428 438)		(81 516 124)
				32 527 142		19 251 345

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
4. Trade receivable from exchange transaction (continued)		
Waste water		
Current (0 -30 days)	1 654 191	1 627 432
31 - 60 days	644 526	650 797
61 - 90 days	656 606	627 948
91 - 120 days	583 974	614 126
121 - 365 days	3 797 668	3 869 900
> 365 days	26 364 927	25 202 263
Less: Impairment	(28 738 731)	(28 166 061)
	4 963 161	4 426 405
Other (specify)		
Current (0 -30 days)	81 167	27 594
31 - 60 days	8 182	11 308
61 - 90 days	8 464	10 331
91 - 120 days	10 008	9 961
121 - 365 days	30 458	24 910
> 365 days	178 826	175 143
Less: Allowance for impairment	(9 345)	-
	307 760	259 247

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
4. Trade receivable from exchange transaction (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	10 491 774	5 345 324
31 - 60 days	1 943 585	1 382 597
61 - 90 days	2 104 333	1 871 539
91 - 120 days	2 387 491	2 070 345
121 - 365 days	19 779 063	13 571 092
> 365 days	88 304 509	91 332 335
	<u>125 010 755</u>	<u>115 573 232</u>
Less: Allowance for impairment	(87 480 057)	(107 419 108)
	<u>37 530 698</u>	<u>8 154 124</u>
Industrial/ commercial		
Current (0 -30 days)	1 226 570	800 376
31 - 60 days	336 825	305 375
61 - 90 days	317 742	322 338
91 - 120 days	201 231	359 094
121 - 365 days	2 104 773	1 063 853
> 365 days	6 401 000	2 764 706
	<u>10 588 141</u>	<u>5 615 742</u>
National and provincial government		
Current (0 -30 days)	7 287 131	2 046 829
31 - 60 days	662 917	413 613
61 - 90 days	794 300	448 922
91 - 120 days	645 416	342 461
121 - 365 days	3 501 669	2 286 749
> 365 days	4 906 233	3 585 861
	<u>17 797 666</u>	<u>9 124 435</u>
Total		
Current (0 -30 days)	19 005 475	8 192 529
31 - 60 days	2 943 327	2 101 585
61 - 90 days	3 216 375	2 642 799
91 - 120 days	3 234 137	2 771 900
121 - 365 days	25 385 505	16 921 694
> 365 days	99 611 741	98 725 598
	<u>153 396 560</u>	<u>131 356 105</u>
Less: Allowance for impairment	(115 598 497)	(107 419 108)
	<u>37 798 063</u>	<u>23 936 997</u>
Less: Allowance for impairment		
Current (0 -30 days)	(8 348 064)	(3 999 347)
31 - 60 days	(1 406 781)	(1 032 882)
61 - 90 days	(1 663 957)	(1 467 983)
91 - 120 days	(1 810 886)	(1 613 959)
121 - 365 days	(17 482 411)	(11 502 261)
> 365 days	(84 886 399)	(87 802 676)
	<u>(115 598 498)</u>	<u>(107 419 108)</u>
Total debtor past due but not impaired		

Zululand District Municipality

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Notes to the Annual Financial Statements

	2021 R	2020 R
4. Trade receivable from exchange transaction (continued)		
Current (0 -30 days)	8 513 701	2 847 205
31 - 60 days	999 742	718 988
61 - 90 days	1 112 042	771 260
91 - 120 days	846 647	701 555
121 - 365 days	5 606 442	1 350 602
> 365 days	11 307 233	6 350 567
	28 385 807	12 740 177
Reconciliation of provision for impairment		
Balance at beginning of the year	(107 419 108)	(95 664 679)
Contributions to allowance	(8 179 390)	(11 754 429)
	(115 598 498)	(107 419 108)
Statutory receivables general information		
Transaction(s) arising from statute		
The transaction arises as a result of billing revenue for the use of water. Water services Act gives powers to the municipality to provide water to the communities at a fee.		
Determination of transaction amount		
On an annual basis the municipality approves tariffs to raise monthly billing to water users where billing infrastructure exist or can reasonably estimated.		
Interest or other charges levied/charged		
The municipality used the prime interest rate generally available in the market used by banks.		
Basis used to assess and test whether a statutory receivable is impaired		
In assessing the recoverability of trade receivables the assumption is that all organisations(e.g. government departments, businesses and churches) are excluded from the calculation. The remainder of accounts representing residential accounts are assessed as per their payment record. Those that have not been available to pay for the account in a more than twelve months are then provided for doubtful debt.		
Reconciliation of provision for impairment		
5. Other receivables from non-exchange transactions		
Debtors: Deposits Made	16 302 248	15 530 016
Recoverable fruitless and wasteful expenditure	1 333 903	-
Debtor: Accrued Income	282 900	-
Debtor: Under/Over Banking	4 230	-
Debtor: Tracker	134 248	134 248
Debtor: Debit orders Absa	3 950	3 950
Debtor: SAMWUMED	9 050	-
Debtor: World Focus	284 241	284 241
Debtor: Recoveries from Employees	323 376	323 376
Debtor: Absa lost cheques Recovered	-	1 101 000
Debtor: Accrued Interest	39 435	16 384
Other debtors	158 165	250 401
Debtor BP Drakensburg	136 888	136 888
Less Impairment provision	(878 754)	-
	18 133 880	17 780 504

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
5. Other receivables from non-exchange transactions (continued)		
Non-current assets	16 302 248	15 530 016
Current assets	1 831 632	2 250 488
	18 133 880	17 780 504
6. Receivables from non- exchange transactions		
Debtor: Enduneni Constructors	783 423	855 190
Debtor: Amanzi Ichweba	1 431 988	1 431 988
Debtor: Insurance Claim	80 488	80 488
Debtor: Ulundi Municipality	818 554	566 333
Debtor: eDumbe Municipality	1 307 657	1 165 058
Debtor: Department of Art and Culture	955 500	-
Debtor: Nongoma Municipality	862 811	610 592
Debtor: Department of Water and Sanitation	2 717 840	2 717 840
Debtor: Lindani Catering	1 950	1 950
Debtor: Upongola Municipality	558 556	306 336
Debtor: Abaqulusi Municipality	1 163 046	750 187
Less: Impairment	(4 149 828)	(4 149 828)
	6 531 985	4 336 134
Receivables included in receivables from non-exchange transactions above are as follows:		
Gross receivables	8 490 194	8 485 963
Additions	2 191 619	4 230
Impairment adjustment	(4 149 828)	(4 154 059)
	6 531 985	4 336 134
Total receivables from non-exchange transactions	6 531 985	4 336 134
7. Other receivables from exchange transactions		
Other receivables from non-exchange transactions	1 152 321	1 602 261
Prepaid expense on Eskom accounts as at 30 June 2021		
8. VAT Receivable		
VAT receivable	4 364 175	12 301 887

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
9. Inventories		
Consumable stores	1 973 108	4 355 089
Water for distribution	2 167 237	1 744 642
Fuel (Diesel, Petrol)	-	68 392
	4 140 345	6 168 123
Consumable stores		
At cost	4 355 090	2 007 401
Additions	2 828 404	4 255 923
Issued / Expensed	(3 332 412)	(3 027 290)
Adjustments	(1 877 974)	1 119 056
	1 973 108	4 355 090
Fuel		
At cost	68 392	68 392
Adjustments	(68 392)	-
	-	68 392
Water for Distribution		
At cost	1 744 642	57 988
Adjustments	422 595	1 686 654
	2 167 237	1 744 642

The municipality incorrectly presented in prior year the average weighted method as the method used to value inventory which is not consistent with its practice where FIFO is used. The change is the correction in policy which has no impact in the balance for inventory.

Inventory pledged as security

There was no inventory pledged as security for overdraft facility.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	470 000	-	470 000	470 000	-	470 000
Buildings	45 445 591	(18 448 962)	26 996 629	45 445 591	(17 206 222)	28 239 369
Infrastructure	3 496 454 924	(583 550 299)	2 912 904 625	3 339 351 099	(508 263 911)	2 831 087 188
Community	9 967 535	(3 616 330)	6 351 205	9 967 535	(3 390 336)	6 577 199
Other property, plant and equipment	77 606 511	(54 368 276)	23 238 235	76 040 010	(50 487 038)	25 552 972
Capital work in Progress	1 217 892 432	-	1 217 892 432	1 039 837 084	-	1 039 837 084
Total	4 847 836 993	(659 983 867)	4 187 853 126	4 511 111 319	(579 347 507)	3 931 763 812

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	470 000	-	-	-	-	-	-	470 000
Buildings	28 239 369	-	-	-	-	(1 242 740)	-	26 996 629
Infrastructure	2 831 087 188	1 559 458	-	155 544 366	-	(74 630 085)	(656 302)	2 912 904 625
Community	6 577 199	-	-	-	-	(225 994)	-	6 351 205
Other property, plant and equipment	25 552 972	4 962 761	(98 983)	201 670	-	(7 380 166)	(19)	23 238 235
Capital work in Progress	1 039 837 084	334 933 621	-	-	(156 878 273)	-	-	1 217 892 432
	3 931 763 812	341 455 840	(98 983)	155 746 036	(156 878 273)	(83 478 985)	(656 321)	4 187 853 126

Zululand District Municipality

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Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	470 000	-	-	-	-	-	-	-	470 000
Buildings	29 427 212	-	-	-	-	54 897	(1 242 740)	-	28 239 369
Infrastructure	2 197 728 075	3 846 643	-	698 034 787	564 769	1 483 926	(68 891 081)	(1 679 931)	2 831 087 188
Community	6 803 193	-	-	-	-	-	(225 994)	-	6 577 199
Other property, plant and equipment	19 359 123	1 227 986	(37 387)	8 793 779	(564 775)	2 527 810	(5 753 564)	-	25 552 972
Capital work in Progress	1 341 423 869	405 402 569	-	-	(708 656 262)	1 666 908	-	-	1 039 837 084
	3 595 211 472	410 477 198	(37 387)	706 828 566	(708 656 268)	5 733 541	(76 113 379)	(1 679 931)	3 931 763 812

Pledged as security

There is no restriction on title and Property, plant and Equipment pledged as security:

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
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10. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Causes of delays to all projects has been mainly on service providers cashflow which is due to delayed payments caused by an inadequate provision in project funds from treasury funding model.

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Project 1, Delayed due to fittings that are obtained from abroad	-	15 875 908
	-	1
Project 2, delayed due to Eskom outages and Covid -19	-	6 997 694
	-	1
	-	-
	<u>-</u>	<u>22 873 604</u>

There are no projects identified in this current financial year that are taking significant longer time to complete. All projects are expected to fall within their project plan.

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Total
Opening balance	1 039 837 083	1 039 837 083
Additions/capital expenditure	334 933 621	334 933 621
Transferred to completed items	(156 878 273)	(156 878 273)
	<u>1 217 892 431</u>	<u>1 217 892 431</u>

Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Total
Opening balance	1 341 423 869	1 341 423 869
Additions/capital expenditure	405 402 569	405 402 569
Other movements	1 666 908	1 666 908
Transferred to completed items	(708 656 263)	(708 656 263)
	<u>1 039 837 083</u>	<u>1 039 837 083</u>

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. Part of Repairs and Maintenance as disclosed in Note 34 is an amount of R 79 560 622 spent on Property Plant and Equipment items.

Class of Property Plant and Equipment (Repairs and Maintenance)

Motor vehicles	4 960 330	1 981 583
Computers	730 357	101 764
Buildings	3 259 112	3 879 616
Infrastructure	69 243 516	84 549 135
Other	1 367 307	71 875
	<u>79 560 622</u>	<u>90 583 973</u>

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
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11. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art collections and exhibit	1 212 635	-	1 212 635	1 212 635	-	1 212 635

Reconciliation of heritage assets 2021

	Opening balance	Total
Art collections and exhibits	1 212 635	1 212 635

Reconciliation of heritage assets 2020

	Opening balance	Total
Art collections and exhibit	1 212 635	1 212 635

Heritage assets which fair values cannot be reliably measured

Pledged as security

There is no heritage assets pledged as security:

Heritage assets in the process of being constructed or developed

Carrying value of Heritage assets where construction or development has been halted either during the current or previous reporting period(s)

Project 1 or Class 1 or Asset 1	1 212 635	1 212 635
The Municipality has started with the installation process however no expenditure has been incurred during the current financial year.		

1 212 635	1 212 635
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Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
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12. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	186 633	(154 634)	31 999	244 832	(192 039)	52 793

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	52 793	(20 794)	31 999

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	34 243	13 413	38 003	(32 866)	52 793

Pledged as security

There is no intangible assets pledged as security:

13. Payables from exchange transactions

Accrued leave pay	17 991 112	14 115 891
Accrued bonus	4 674 806	4 115 100
Creditors	131 796 773	142 439 719
Unallocated deposits	130 817	291 560
Retention Services	44 167 770	49 454 304
Debtors with credit balances	2 489 372	1 523 857
Other Creditors	697 413	26 214
Department of water and sanitation	8 400 000	8 400 000
Other Debtors with credit balances	8 514	13 628
	210 356 577	220 380 273

14. Consumer deposits

Water	3 625 340	3 612 083
Property rental	7 784	7 784
	3 633 124	3 619 867

No guaranties are held in lieu of water deposits

15. Payable from - non-exchange

Creditor: Deceased Staff Member	649	649
Creditor: Deceased Staff Member	80 488	80 488
	81 137	81 137

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
KZN Capacity Building Grant-Partial	241 770	1 000 000
Tourism Strategy Grant	269 354	700 000
KZN KwaMajomela Project	1 779 320	2 100 000
	2 290 444	3 800 000
Movement during the year		
Balance at the beginning of the year	3 800 000	-
Additions during the year	1 023 060 000	981 452 000
Income recognition during the year	(1 024 569 556)	(977 652 000)
	2 290 444	3 800 000
17. Payables from exchange transactions		
Department of Water and Sanitation	21 757 945	31 349 600

18. Employee benefit obligations

20.1 Post retirement medical benefit plan

Employees belong to a variety of approved pension and provident funds.

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, Samwumed, Bonitas and Hosmed.

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

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
18. Employee benefit obligations (continued)		
20.2 Multi-employer pension funds		
Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:		
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.		
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.		
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.		
It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.		
The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.		
These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.		
All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.		
Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:		
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.		
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.		
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.		
It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.		
The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.		
The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-partly or wholly funded	(36 083 507)	(36 083 507)
Fair value of plan assets	13 545 507	-
	<u>(22 538 000)</u>	<u>(36 083 507)</u>
Non-current liabilities	(22 289 000)	(35 926 413)
Current liabilities	(249 000)	(157 094)
	<u>(22 538 000)</u>	<u>(36 083 507)</u>
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	36 083 507	26 350 000
Net expense recognised in the statement of financial performance	(13 545 507)	9 733 507
	<u>22 538 000</u>	<u>36 083 507</u>

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
18. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	2 940 059	1 684 000
Interest cost	3 398 868	2 677 000
Actuarial (gains) losses	(14 989 340)	5 741 507
Benefits paid	(157 094)	(369 000)
Removal of death-in-service and death-in- retirement	(4 738 000)	-
	(13 545 507)	9 733 507
Key assumptions used		
Assumptions used at the reporting date:		
Average retirement age	63	63
Discount rates used	10.53 %	8.76 %
Medical cost trend rates	7.06 %	7.26 %
Ultimate mortality table	SA 85-90 PA 90-1	SA 85-90 PA 90-1
Age 20	9.0 %	16.0 %
Age 30	6.0 %	7.0 %
Age 40	5.0 %	10.1 %
Age 50	3.0 %	15.5 %
Age 55+	- %	1.0 %

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
18. Employee benefit obligations (continued)		
Long service awards and retirement gifts		
The independent valuers, Independent Actuaries and Consultants, carry out a statutory valuation on an annual basis.		
The principal actuarial assumptions used were as follows:		
General salary inflation (long term)	5.81 %	7.00 %
Net effective discount rate	3.35 %	1.00 %
Examples of mortality rates used were as follows:		
Average retirement age	63	63
Mortality during employment		
Financial variables: Two most important variables used in our valuation are discount rate and medical aid inflation rate. Nominal and real zero curve as at 29 June 2020 that was supplied by JSE to determine discount rate and CPI assumptions at each relevant time period. The average retirement age for all employees was assumed to be 63 years hence this assumption allows for ill-health and early retirements. Normal retirement age for all active employees was assumed to be 65 years. Mortality rate before retirement was based on SA 85-90 mortality tables whilst mortality post-employment (for pensioners) was based on PA (90) ultimate mortality tables. The assumption was made that the marital status for married members will remain the same until retirement and 90% of all single employees will be married at retirement with no dependent children. The female spouses were assumed to be five (5) years younger than their male spouses.		
	Per 1,000 members	Per 1,000 members
Age 20	160	160
Age 25	120	120
Age 30	100	100
Age 35	80	80
Age 40	60	60
Age 45+	40	40
Age 50	20	20
Age 55+	10	10
Membership summary		
Number of members	526	478
Average age of members (years)	43.0	42.7
Average past service (years)	11.3	8.6
Average salary (annual)	259 984	224 92
Benefit Structure		
Service years	Award (Number of days)	Award (Number of days)
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
18. Employee benefit obligations (continued)		
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	11 757 354	10 874 000
Current service cost	1 049 788	1 042 000
Interest cost	1 069 582	1 091 000
Expected benefit payments	(861 739)	(1 125 000)
Recognised actuarial (gains)/losses	106 015	(124 646)
Balance at end of year	13 121 000	11 757 354
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	1 049 788	1 042 000
Interest cost	1 069 582	1 091 000
Expected benefit payments	(861 739)	(1 125 000)
Recognised actuarial (gains) losses	106 015	(124 646)
	1 363 646	883 354
In conclusion these are the balances that has been incurred during the year:		
Statement of Financial Position obligation		
Current	1 506 000	861 739
Non-Current	11 615 000	10 895 615
	13 121 000	11 757 354
Statement of Financial Performance	1 363 646	883 354
Key assumptions used		
In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.		
It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA- this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.		
It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.		
Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate is 8.95% which represents the average yield from the zero coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.		
19. Service charges		
Sale of water	41 250 758	29 434 428
Sewerage and sanitation charges	11 514 159	10 249 458
	52 764 917	39 683 886

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
20. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	<u>179 242</u>	<u>155 944</u>
Included in the above rentals are operating lease rentals at straight-lined amounts.		
21. Interest received (Trading)		
Interest received	<u>29 451</u>	<u>27 212</u>
22. Other income		
Skills Levy Refunds	257 806	346 157
Non-refundable tender deposit	394 106	683 739
Clearance certification	287	512
Handling fees	9 730	14 664
Health Certificates	10 000	-
	<u>671 929</u>	<u>1 045 072</u>
23. Investment revenue		
Interest revenue		
Bank	<u>3 225 646</u>	<u>4 759 511</u>

The amount included in Investment revenue arising from exchange transactions amounted to R 3 225 646.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
24. Government grants and subsidies		
Operating grants		
Equitable share	564 272 000	464 560 000
Expanded Public Works Program	9 261 000	8 818 000
Finance Management Grant	1 200 000	1 465 000
KZN grant Indonsa Culture Center	1 911 000	1 911 000
KZN grant-Town Planning and Development	-	550 000
Energy and Demand Management	-	6 000 000
KZN grant-Capacity building Spartial	758 230	-
KZN grant-Royal Households water refurb	-	1 900 000
Disaster Relief Grant (Covid-19)	-	596 000
KZN Grant- Capacity building-Tourism	430 646	-
	<u>577 832 876</u>	<u>485 800 000</u>
Capital grants		
Regional Bulk Infrastructure Grant	113 798 000	163 774 000
Municipal Infrastructure Grant	221 235 000	225 574 000
Water Services Infrastructure Grant	105 500 000	100 000 000
Rural Roads Asset Management Grant	2 383 000	2 504 000
KZN-KwaMajomela Project	3 820 680	-
	<u>446 736 680</u>	<u>491 852 000</u>
	<u>1 024 569 556</u>	<u>977 652 000</u>
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	457 832 500	516 892 000
Unconditional grants received	564 272 000	464 560 000
	<u>1 022 104 500</u>	<u>981 452 000</u>
Equitable Share		
Current-year receipts	564 272 000	464 560 000
Conditions met - transferred to revenue	(564 272 000)	(464 560 000)
	<u>-</u>	<u>-</u>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant		
Current-year receipts	221 235 000	225 574 000
Conditions met - transferred to revenue	(221 235 000)	(225 574 000)
	<u>-</u>	<u>-</u>
Road Asset Management Grant		
Current-year receipts	2 383 000	2 504 000
Conditions met - transferred to revenue	(2 383 000)	(2 504 000)
	<u>-</u>	<u>-</u>
Regional Bulk Infrastructure Grant		

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
24. Government grants and subsidies (continued)		
Current-year receipts	113 789 000	163 774 000
Conditions met - transferred to revenue	(113 789 000)	(163 774 000)
	<u>-</u>	<u>-</u>
Water Infrastructure Grant		
Current-year receipts	105 500 000	100 000 000
Conditions met - transferred to revenue	(105 500 000)	(100 000 000)
	<u>-</u>	<u>-</u>
Financial Management Grant		
Current-year receipts	1 200 000	1 465 000
Conditions met - transferred to revenue	(1 200 000)	(1 465 000)
	<u>-</u>	<u>-</u>
Expanded Public Works Program		
Current-year receipts	9 261 000	8 818 000
Conditions met - transferred to revenue	(9 261 000)	(8 818 000)
	<u>-</u>	<u>-</u>
INDONSA		
Current-year receipts	955 000	1 911 000
Conditions met - transferred to revenue	(955 000)	(1 911 000)
	<u>-</u>	<u>-</u>
Shared Services		
Current-year receipts	-	550 000
Conditions met - transferred to revenue	-	(550 000)
	<u>-</u>	<u>-</u>
Capacity Building Grant- Spatial		
Balance unspent at beginning of year	1 000 000	-
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	(758 230)	-
	<u>241 770</u>	<u>1 000 000</u>
Tourism Strategy Grant		
Balance unspent at beginning of year	700 000	-
Current-year receipts	-	700 000
Conditions met - transferred to revenue	(430 646)	-
	<u>269 354</u>	<u>700 000</u>
KwaMajomela Project		

Zululand District Municipality

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Notes to the Annual Financial Statements

	2021 R	2020 R
24. Government grants and subsidies (continued)		
Balance unspent at beginning of year	2 100 000	-
Current-year receipts	3 500 000	2 100 000
Conditions met - transferred to revenue	(3 820 680)	-
	1 779 320	2 100 000
Disaster Relief Grant-(Covid-19)		
Current-year receipts	-	596 000
Conditions met - transferred to revenue	-	(596 000)
	-	-

The grant was conditional to Covid-19 disaster relief projects. As part of Covid-19 expenditure incurred are disaster items including instruments used for fumigation of taxi ranks.

There are no outstanding conditions still to be met, hence no liability remaining.

25. Fines, Penalties and Forfeits

Illegal Connections Fines	27 433	3 874
Deposits Forfeits	8 168	250
Retentions Forfeits	7 507 292	-
	7 542 893	4 124

Other revenue includes the amount appropriated due to retention on projects that have not been claimed in the reserves totaling to R 7 507 292

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
26. Employee related costs		
Basic	149 977 200	132 986 310
Bonus	10 711 004	9 290 828
Medical aid - company contributions	12 589 519	11 221 834
UIF	1 174 021	1 067 238
Stand by allowance	9 855 376	5 691 018
Leave pay provision charge	4 629 718	5 465 388
Industrial bargaining council levy	127 960	115 110
Defined contribution plans	18 998 363	17 372 851
Motor car allowances	6 999 457	6 438 706
Overtime payments	5 592 367	4 984 621
Long-service awards	988 767	1 428 998
Acting allowances	1 185 465	937 927
Housing benefits and allowances	1 218 658	1 142 187
Cellular phone allowance	533 383	506 396
Shift allowance	1 422 004	1 009 085
	<u>226 003 262</u>	<u>199 658 497</u>
Remuneration of Municipal Manager		
Annual Remuneration	1 699 633	1 432 652
Car Allowance	433 324	338 002
Contributions to UIF, Medical and Pension Funds	322 735	32 460
	<u>2 455 692</u>	<u>1 803 114</u>
Remuneration of Chief Financial Officer		
Annual Remuneration	1 020 330	1 082 283
Car Allowance	255 557	245 899
Contributions to UIF, Medical and Pension Funds	70 630	1 896
	<u>1 346 517</u>	<u>1 330 078</u>
Remuneration - Director of Planning		
Annual Remuneration	716 876	1 281 527
Car Allowance	149 075	230 229
Contributions to UIF, Medical and Pension Funds	50 340	42 273
	<u>916 291</u>	<u>1 554 029</u>
Remuneration of Acting Director Technical Services		
Annual Remuneration	1 031 841	481 945
Car Allowance	255 557	102 969
Contributions to UIF, Medical and Pension Funds	63 829	8 691
	<u>1 351 227</u>	<u>593 605</u>
Remuneration - Director of Corporate services		
Annual Remuneration	808 314	1 082 283
Car Allowance	202 316	245 898
Contributions to UIF, Medical and Pension Funds	52 856	1 897
	<u>1 063 486</u>	<u>1 330 078</u>
Employee costs - Director of Community services		

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
26. Employee related costs (continued)		
Annual Remuneration	994 765	1 035 768
Car Allowance	255 557	245 898
Contributions to UIF, Medical and Pension Funds	127 078	61 616
	1 377 400	1 343 282
Total employee cost	234 513 875	207 612 683
27. Remuneration of councillors		
Mayor	934 651	934 651
Deputy Mayor	473 008	473 008
Executive Committee Members	2 690 836	2 878 446
Speaker	755 878	749 791
Councillors	3 454 331	3 106 073
Councillors' pension and medical aid contribution	179 983	229 697
	8 488 687	8 371 666
In-kind benefits		
The Speaker, the Mayor, the Deputy Mayor the and Executive Committee Members are full-time.		
The Speaker, Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.		
The Speaker, Mayor and Deputy Mayor are provided with bodyguards.		
The Councillors are provided with body guards where request has been approved.		
28. Depreciation and amortisation		
Property, plant and equipment	83 478 987	76 113 514
Intangible assets	20 794	32 736
	83 499 781	76 146 250
29. Lease rentals on operating lease		
Premises		
Contractual amounts	372 478	235 910
Equipment		
Contractual amounts	-	(12 401)
	372 478	223 509
30. Bad debts written off		
Bad debts written off	4 634 983	-
31. Collection costs		
Collection costs	89 188	(96 034)
Collection cost is based on services provided to disconnect, restrictions and reconnections of consumers.		

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
32. Bulk purchases		
Water	24 567 195	19 473 882
Water losses		
Unavoidable annual real losses	299 837 843	258 475 598
	Number 2020	Number 2019
Units purchased	17 333 846	17 406 408
Units sold	(4 422 152)	(4 729 692)
Units supplied through water tankers	(375 874)	(327 504)
Total	12 535 820	12 349 212
Percentage of water losses:		
Technical losses	72 %	71 %
		- %
<p>Zululand District Municipality produces water for both urban and rural areas. The Municipality currently has mainly urban areas on their billing system. The remaining rural areas being mainly indigent, water is supplied through subsidised schemes, hence the contributing factor to water loss not falling within the norm of 15-30%, due to the difference between consumers who qualified to be billed versus households that do not fall into this category, and water that is produced for both rural and urban areas. In addition other contributing factors are water leaks, illegal connections and aging infrastructure.</p>		
33. Contracted services		
Outsourced Services		
Business and Advisory	2 712 200	4 937 253
Catering Services	805 451	2 338 320
Cleaning Services	3 943 242	5 008 347
Hygiene Services	1 521 715	4 195 501
Internal Auditors	2 493 646	3 273 433
Meter Management	291 300	3 801 463
Personnel and Labour	742 811	133 896
Security Services	33 443 124	31 588 646
Water Tankers	105 830 045	91 397 792
Consultants and Professional Services		
Business and Advisory	18 701 645	18 430 744
Legal Cost	1 329 358	1 143 018
Contractors		
Artists and Performers	208 500	245 750
Audio-visual Services	30 000	47 000
Maintenance of Equipment	824 429	913 920
Maintenance of Infrastructure Assets	79 239 237	76 515 269
Medical Services	237 317	-
Sewerage Services	42 043 798	7 679 408
Stage and Sound Crew	19 500	201 090
	294 417 318	251 850 850

Zululand District Municipality

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Notes to the Annual Financial Statements

	2021 R	2020 R
34. Grants and subsidies paid		
Other subsidies		
Poverty alleviation	12 890 845	6 291 875
Transfer to Entity	-	647 606
	12 890 845	6 939 481
35. Inventory consumed		
Materials and Supplies	10 268 195	14 684 708
36. General expenses		
Achievements and awards	-	192 500
Advertising	6 126 041	7 429 136
Audit fees	4 467 072	3 549 230
Bank charges	576 748	353 807
Discount allowed	41 329	32 337
Entertainment	62 261	202 318
Hire Charges (Functions)	4 189 454	3 976 103
Insurance	4 170 618	2 263 691
External Computer Service	1 099 746	1 012 449
Skills development levies	1 732 700	1 485 531
Driver's licenses and permits	1 213 131	503 882
Fuel and oil	5 150 370	4 690 873
Communication	337	261 596
Printing and Publication	2 999 017	2 058 282
Registration	16 755	65 465
Subscriptions and membership fees	2 903 603	35 165
Telephone and fax	4 239 249	3 916 106
Transport and freight	170 200	2 660 399
Travel - local	14 443 134	14 610 340
Assets expensed	421 140	489 549
Municipal Services	54 041 110	43 415 015
Uniforms	2 618 384	3 737 674
Consultants fees	-	149 191
Workmen's compensation	1 507 166	947 874
Honoraria	154 000	253 400
Vehicle tracking	247 278	228 501
Staff Bursary	106 378	32 287
Amakhosi Sitting Allowance	27 581	39 010
	112 724 802	98 591 711
37. Gain or loss on disposal of assets and liabilities		
Gain on sales of assets	47 017	(37 388)
38. Gain or loss on impairment		
39. Fair value adjustments		
Inventory	-	1 667 386
Other financial assets		
• Trade and other receivables recalculation	-	(1 065 542)
• Trade receivables from non-exchange transactions	-	1 403 654
	-	2 005 498

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
40. Actuarial gains/losses		
Actuarial gains/losses	<u>19 621 325</u>	<u>(5 616 861)</u>
41. Financial loss recovered		
Financial loss recovered	<u>-</u>	<u>1 101 000</u>
42. Inventories (losses/write-downs)/reversal of write downs		
Inventories (losses/write-downs)/reversal of write downs	<u>(2 111 495)</u>	<u>1 138 323</u>
43. Proir year adjustment on fully depreciated assets		
Proir year adjustment on fully depreciated assets	<u>-</u>	<u>4 104 643</u>
44. Gains/Loss from non- exchange transactions		
Gains/Loss from non- exchange transactions	<u>201 670</u>	<u>8 643 384</u>
45. Auditors' remuneration		
Fees	<u>4 467 072</u>	<u>3 549 230</u>

Zululand District Municipality

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Notes to the Annual Financial Statements

	2021 R	2020 R
46. Cash generated from operations		
Surplus	303 125 105	319 478 414
Adjustments for:		
Depreciation and amortisation	83 499 781	76 146 250
(Loss) gain on sale of assets and liabilities	(47 017)	8 841 561
Prior year adjustment on fully depreciated assets	-	(4 104 643)
Income from equity accounted investments	-	(1 101 000)
Fair value adjustments	-	(2 005 498)
Inventories losses/write-downs	2 111 495	(1 138 323)
Gains/Loss from non- exchange transactions	(201 670)	(8 643 384)
Impairment deficit	-	-
Debt impairment	9 053 913	-
Bad debts written off	4 634 983	-
Movements in retirement benefit assets and liabilities	(13 545 507)	9 733 507
Movements in provisions	1 363 646	883 354
Interest income	-	16 180
Impairment loss	656 322	1 679 935
Changes in working capital:		
Changes other receivables from exchange	418 856	(4 034 342)
Trade receivable from exchange transaction	(26 215 962)	(4 223 664)
Receivables from non-exchange transactions	(2 178 321)	2 475 099
Other receivables from exchange transactions	449 940	(449 655)
VAT receivable	7 937 712	1 787 678
Inventories	(83 807)	-
Payables from exchange transactions	(10 023 696)	13 975 334
Payables from non - exchange transactions	-	(735)
Unspent conditional grants and receipts	(1 509 556)	3 800 000
Consumer deposits	13 257	2 574
Short-term portion non-current liabilities	-	9 129 739
Non-current payables from exchange transactions	(9 591 655)	(3 141 896)
Other Non current receivables from exchange transactions	(789 762)	-
	<u>349 078 057</u>	<u>419 106 485</u>
47. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	<u>572 412 192</u>	<u>631 384 327</u>
Total capital commitments		
Already contracted for and provided	<u>572 412 192</u>	<u>631 384 327</u>
<p>The Municipality has entered into various contracts for capital infrastructure projects that are expected to be completed in future. All commitments disclosed are VAT inclusive.</p>		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	227 506	206 824
- in second to fifth year inclusive	525 539	477 763
	<u>753 045</u>	<u>684 587</u>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Zululand District Municipality

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Notes to the Annual Financial Statements

	2021 R	2020 R
48. Contingencies		
Year 2021		
Litigation		
Matter between Zululand District Municipality // SB Nkosi: Labour Court Reveiw.		70 000
Litigation		
Zululand District Municipality // SB Nkosi Bargaining Council Arbitration.		280 000
Litigation		
Zululand District Mnicipality // COGTA		400 000
Litigation		
Litigation		
Zululand District Municipality // Moteko Construction		500 000
Litigation		
Zululand District Municipality // ESKOM Holding SOC		500 000
Litigation		
Mtanami Projects // Zululand Disctrict Municipality		250 000
Heading		<u><u>2 000 000</u></u>
Year 2020		
Litigation		
Heading		
Matter between Zululand District Municipality // SB Nkosi: Labour Court Reveiw.		70 000
Litigation		
Zululand District Municipality // SB Nkosi Bargaining Council Arbitration.		200 000
Litigation		
Zululand District Mnicipality // COGTA		300 000
Litigation		
Zululand District Municipality // ES Ngcobo		80 000
Litigation		
Zululand District Municipality // TMS Properties CC: High Court Review of tender process		150 000
Litigation		
Zululand District Municipality // Moteko Construction		300 000
Litigation		
Zululand District Municipality // Rocla		800 000
		<u><u>1 900 000</u></u>

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021	2020
R	R

49. Risk management

Financial risk management

The Department Financial Services monitors and manages the financial risk relating to the operations through internal policies and procedures. These risks include interest rate and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

COVID-19 Risk assessment

Revenue

During the lockdown period of COVID-19 there has been a slow level of collection as a result customers failing to settle their debt. On assessment there delays do not have impact on the impairment of outstanding debtors as most customers are a subject of indigent verification.

Expenses

Due to increased expectation for access to better hygiene practices, water as the core service delivery mandate of the municipality, must reach communities at an increased volumes

Therefore intervention through grant reprioritisation is seen as the solution. The diverting of grants for capital projects to support operations and operation expenditure. This has a possibilities of sustained expectation.

Assets

There is no indication that an impairment loss has been incurred on assets due to the economic impact of COVID -19 crisis on customers and businesses.

Liabilities

There are no promises, commitments or obligations that have been made that requires to determine whether a liability exist at the reporting date or whether disclosure is needed in the notes to the financial statement.

Liquidity risk

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

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangement are established at competitive rates to ensure that cash flow requirements are met. The municipality has agreed to a payment plan with the respective creditor to settle its non-current liabilities.

Capital risk management

The capital structure of the municipality consist of accumulated surplus as disclosed in the statement of changes in net assets.

Gearing ratio

The gearing ratio is nil since the municipality does not have long term liabilities.

50. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 4 007 498 541 and that the municipality's total assets exceed its liabilities by R 4 007 498 541.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
50. Going concern (continued)		
<p>The annual 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.</p> <p>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.</p> <ul style="list-style-type: none">• The municipality is operating at a net asset position.• There are no fixed term borrowings.• There is no indication of withdrawals of support from creditors.• The Municipality is not operating at an overdraft facility.• The current ratio (CA/CL) is 0,37:1. However included in this calculation is retention of R 44 167 770 which is dependent on the future grant receipts and R 114 670 787 creditors at year-end. This retention does not have to be cash backed. Norm ratio is 2:1.• The municipality has resulted to surplus for the current financial year and there is no significant deterioration in the value of assets used to generate cash flows.• The municipality is still able to pay its creditors as they become due.• National Sphere of Government will continue to allocate equitable share of national revenue and other Division of Revenue Act grants to municipalities.• There is no labour difficulties that will render the Municipality dysfunctional.• There are no material pending legal claims that may render municipality dysfunctional.• There are no legal changes in law or regulation or government policy that may result in the liquidation of the municipality.		
51. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	2 188 977	1 922 740
Amount paid - current year	(2 188 977)	(1 922 740)
	<u>-</u>	<u>-</u>
Audit fees		
Current year subscription / fee	4 467 072	3 549 230
Amount paid - current year	(4 467 072)	(3 549 230)
	<u>-</u>	<u>-</u>
PAYE and UIF		
Current year subscription / fee	34 311 053	32 049 263
Amount paid - current year	(34 311 053)	(32 049 263)
	<u>-</u>	<u>-</u>
Pension and Medical Aid Deductions		
Current year subscription / fee	50 302 423	45 111 005
Amount paid - current year	(50 302 423)	(45 111 005)
	<u>-</u>	<u>-</u>

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R	
51. 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 2021:			
30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr T K Mkhize	1 074	306	1 380
Cllr S E Nkwanyana	365	-	365
	<u>1 439</u>	<u>306</u>	<u>1 745</u>
30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr T K Mkhize	3 355	1 448	4 803

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

52. Budget differences

Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to the annual report.

Differences between budget and actual amounts are basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

Variance is calculated by subtracting actual expenditure from budget

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

				2021 R	2020 R
52. Budget differences (continued)					
Details	Budget	Actual	Variance	%	Comments
	-	-	-	-	
Services charges	52 507 445	52 764 917	(257 472)	100 %	Delayed project on meter installation
Investments revenue	5 000 000	3 225 646	1 774 354	65 %	This depends on the availability of funds that were not immediately required
Transfers recognised	1 026 860 000	1 024 569 556	2 290 444	100 %	
Rental of facilities	200 000	179 242	(20 641)	-	
Fines and penalties	-	7 542 893	(86 126)	-	The appropriation of retention forfeited by suppliers
Other income	944 000	701 380	242 620	74	This include interest, skills levy refunds and tender deposits
Employee related costs	(225 466 046)	(234 547 055)	(9 081 009)	104 %	Increase on shift, standby allowance and overtime claims and Job evaluation result
Remuneration of councillors	(8 350 455)	(8 488 687)	138 232	102 %	Increase on travelling claims
Provision for employee benefits	-	(7 439 464)	(7 439 464)	-	Contribution in accordance with actuarial assessment
Debt impairment	(14 723 000)	(9 053 913)	(5 669 087)	61 %	Based on the actual debtors at year end
Depreciation	(62 885 694)	(83 499 781)	20 614 087	133 %	Based on assets in use, due to delays in projects under work in progress
Collection costs	-	(89 188)	(89 188)	-	
Materials and Bulk purchases	(23 552 113)	(34 835 390)	11 283 277	148 %	Reclassification of expenditure
Lease rental on operation lease	(700 000)	(372 478)	327 522	47	The only lease is for the renting of buildings, it is spent as per contracts
Transfers and grants	(13 118 640)	(12 890 845)	(227 795)	98 %	Due to increase in poverty alleviation expenditure
Contracted services	(173 844 452)	(294 417 318)	(116 060 881)	167	Increase due to water tankering and operations and maintenance expenditure
General expenditure	(103 564 793)	(119 870 684)	16 305 891	114 %	includes a portion of assets not qualifying to be capitalised, e.g VIP Toilet
Other non cash items	-	19 515 413	(19 515 413)	- %	It include fair value adjustments and gains and losses
	459 306 252	302 994 244	(105 470 649)		

Zululand District Municipality

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Notes to the Annual Financial Statements

	2021 R	2020 R
52. Budget differences (continued)		
Changes from the approved budget to the final budget		
The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details refer to annual report.		
53. Fruitless and wasteful expenditure		
Opening balance as previously reported	1 407 916	1 623 649
Opening balance as restated	1 407 916	1 623 649
Add: Expenditure identified - current	363 040	74 013
Less: Amount written off - current	(1 333 903)	(289 746)
Closing balance	437 053	1 407 916
54. Irregular expenditure		
Opening balance as previously reported	35 711 449	157 966 172
Opening balance as restated	35 711 449	157 966 172
Add: Irregular Expenditure - current	15 258 096	35 711 449
Add: Irregular Expenditure - prior period	2 659 974	151 465 748
Less: Amount written off - prior period	-	(151 465 748)
Written-off	(35 711 449)	(157 966 172)
Closing balance	17 918 070	35 711 449
Incidents/cases identified in the current year include those listed below:		
	Disciplinary steps taken/criminal proceedings	
Non-compliance MSCMR	11 293 667	29 532 884
Non-compliance SCM policy	3 964 429	6 178 565
	15 258 096	35 711 449
55. Unauthorised expenditure		
Add: Expenditure identified - current	127 661 348	-
Analysed as follows: non-cash		
Employee related cost	7 439 464	-
Depreciation and amortisation	20 614 087	-
Loss on disposal of property, plant and equipment	2 111 495	-
Bad debts	4 634 983	-
	34 800 029	-
56. Report on approved deviation		
	21 956 880	30 010 744

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
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57. Related parties

Relationships	
Accounting Officer	Refer to accounting officer's report note
Shareholder with significant influence	Zululand Development Agency (dissolved in May 2020)

Remuneration of management

Management class: Office bearers

2021

Name	Basic salary	Other short-term employee benefits	Other benefits received	Total
Cllr T.D. Buthelezi	571 050	223 463	140 138	934 651
Cllr M.N. Kunene	281 875	108 052	83 081	473 008
Cllr B.J. Mcwango	478 014	178 770	99 094	755 878
Executive committee Members	1 723 992	633 953	332 891	2 690 836
	3 054 931	1 144 238	655 204	4 854 373

Management class: Executive management

2021

Name	Basic salary	Other short-term employee benefits	Other benefits received	Total
M P Manqele	1 699 633	433 324	322 735	2 455 692
R N Hlongwa	1 020 330	255 557	70 630	1 346 517
S Kheswa	716 876	149 075	50 340	916 291
J Jordaan	1 031 841	255 557	63 829	1 351 227
M S Linda	808 314	202 316	52 856	1 063 486
S P Mosia	994 765	255 557	127 078	1 377 400
	6 271 759	1 551 386	687 468	8 510 613

*Refer to note 26 "Employee related costs"

58. Events after the reporting date

There are no events identified after reporting date that warrant disclosure.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

59. Prior period errors/Reclassification

The Reclassification is as a result of implementation of Municipal Standard Charts of Accounts (mSCOA). The reclassification was done to achieve fair presentation of financial statements.

Statement of Financial Position

Note(s)	Audited R	Prior year adjustments R	Reclassifying adjustments R	Restated R
Assets				
Current Assets				
Cash and cash equivalents	12 290 031	-	-	12 290 031
Receivables from exchange transactions	22 894 302	1 042 695	-	23 936 997
Other receivables from non-exchange transactions	1 862 804	387 684	-	2 250 488
Receivables from non-exchange transactions	1 611 504	2 001 100	723 530	4 336 134
Inventories	4 500 738	1 667 385	-	6 168 123
Other receivables from exchange transactions	1 602 261	-	-	1 602 261
VAT receivable	12 438 380	(136 493)	-	12 301 887
	57 200 020	4 962 371	723 530	62 885 921
Non-Current Assets				
Property, plant and equipment	3 936 561 571	(4 797 759)	-	3 931 763 812
Intangible assets	14 790	38 003	-	52 793
Heritage assets	1 212 635	-	-	1 212 635
Other receivables from exchange transactions	14 806 486	-	723 530	15 530 016
	3 952 595 482	(4 759 756)	723 530	3 948 559 256
Total Assets	4 009 795 502	202 615	1 447 060	4 011 445 177
Liabilities				
Current Liabilities				
Payables from exchange transactions	207 884 434	12 489 995	5 844	220 380 273
Unspent conditional grants and receipts	3 800 000	-	-	3 800 000
Employee benefits obligation (Post Retirement Medical aid)	157 094	-	-	157 094
Consumer deposits	3 612 083	-	7 784	3 619 867
Employee benefits obligation (Long Services Award)	861 739	-	-	861 739
Payables from non-exchange	81 137	-	-	81 137
	216 396 487	12 489 995	13 628	228 900 110
Non-Current Liabilities				
Employee benefits obligation (Post Retirement Medical aid)	35 926 413	-	-	35 926 413
Employee benefits obligation (Long Services Award)	10 895 615	-	-	10 895 615
Payables from exchange transactions	31 349 600	-	-	31 349 600
	78 171 628	-	-	78 171 628
Total Liabilities	294 568 115	12 489 995	13 628	307 071 738
Net Assets	3 715 227 387	(12 287 380)	1 433 432	3 704 373 439
Net Assets				
Accumulated surplus	3 715 227 377	(10 853 946)	-	3 704 373 431

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

59. Prior period errors/Reclassification (continued)

59.1 Receivables from exchange transactions

Balance previously reported	22 894 302
Prior period adjustment on water debtors as at 30 June 2020	2 506 323
Prior period adjustment on sanitation debtors 30 June 2020	(234 570)
Prior period adjustment on water debtors as at 30 June 2019	(1 063 022)
Prior period adjustment on sanitation debtors 30 June 2019	(162 352)
Prior period error balancing of sanitation debtors	(3 684)
	<u>23 936 997</u>

The receivables from exchange transactions were understated by an amount of R1 042 695 which was caused by a interim calculation based on an incorrect estimate from March 2019 to June 2020, prior period error balancing debtors ledger with debtors listing

59.2 Other receivables from non-exchange transactions

Balance previously reported	16 669 290
Reclassification of debtor with credit balances to current liabilities - Avis	13 628
Reclassification from non current assets - Imbalenhle	(29 502)
Reclassification to current assets - Imbalenhle	29 502
Reclassification from non current assets - BP Drakenberg	(136 888)
Reclassification to current assets - BP Drakenberg	136 888
Reclassification from current assets - Federal Air	(689 920)
Reclassification to non current assets - Federal Air	689 920
Reclassification from current assets - Stowel	(200 000)
Reclassification to non current assets - Stowel	200 000
Prior period error-duplicate rent billed	(3 414)
Prior period error-recovered lost cheques	1 101 000
	<u>17 780 504</u>

Reclassification of debtor Avis with credit balances to current liabilities, reclassification of debtors from non current to current and from current to non current. Prior period error rent duplicated for June 2020, Prior period error debtor from recovered lost cheques.

59.3 Receivables from non-exchange transactions

Balance previously reported	1 611 504
Ulundi Municipality	566 333
Abaqulusi Municipality	750 187
Nongoma Municipality	306 337
eDumbe Municipality	795 437
Pongola Municipality	306 336
	<u>4 336 134</u>

Trade receivables from non-exchange were understated by an amount of R2 724 630. This amount relates to shared services debtors for periods 2018/2019, and 2019/2020.

Zululand District Municipality

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Notes to the Annual Financial Statements

59. Prior period errors/Reclassification (continued)

59.4 Inventories

Balance previously reported	4 500 738
Water stock prior period adjustment	1 686 654
Consumables prior period adjustments	(19 269)
	<u>6 168 123</u>

Restatement of stock opening balances

59.5 VAT receivable

Balance previously reported	12 438 380
Output VAT on Water Debtors 18/19	138 654
Output VAT on Sanitation Debtor 18/19	21 177
Output VAT on Water Debtors 19/20	(326 920)
Output VAT on Sanitation Debtor 19/20	30 596
	<u>12 301 887</u>

Output VAT prior period adjustment for water and sanitation debtors

59.6 Property, plant and equipment

Balance previously reported	3 936 561 571
Prior period error correction	209 023
Prior period adjustment on Work In Progress	(8 804 173)
Assets not on asset register	283 689
Prior period adjustment on fully depreciated assets	3 513 702
	<u>3 931 763 812</u>

Property plant and equipment was understated, An asset category balancing was performed and this balance was the adjustment to accumulated surplus, prior period adjustment of WIP, prior period correction on assets not on asset register, and prior period adjustment on fully depreciated assets

59.7 Intangible assets

Balance previously reported	14 790
Prior period adjustment on fully depreciated assets	38 003
	<u>52 793</u>

Prior period adjustment on fully depreciated intangible assets.

59.8 Payables from exchange transactions

Balance previously reported	207 884 434
Reclasification to Consumer deposits Avis property rental deposit	(2 682)
Reclasification to Consumer deposits Waphatha group property rental deposit	(2 682)
Reclasification to Consumer deposits WSSA property rental deposit	(2 420)
Reclassification of debtors with credit balances - Avis	13 628
Prior period adjustment of payments made in 20/21 instead of 19/20	12 489 995
	<u>220 380 273</u>

There was a reclassification of consumer deposits and debtors with credit balances from trade and other receivables. An error adjustment for R12 489 995 relates to the correction of expenditure on water tankers and business and advisory services where payments were made in 2020-21 but the services were received in the 2019-20 financial year.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

59. Prior period errors/Reclassification (continued)

59.9 Consumer deposits

Balance previously reported	3 612 083
Reclassification from trade and other payables - Avis	2 682
Reclassification from trade and other payables - Waphatha group	2 682
Reclassification from trade and other payables - WSSA	2 420
	<u>3 619 867</u>

Reclassification of property rental deposits from trade and other payables to consumer deposits

59.10 Accumulated surplus

Balance previously reported	3 715 227 377
Prior period error adjustment from PPE	209 023
Rental Debtors prior period error	(3 414)
Prior period error adjustment water billing correction 18/19	(924 367)
Prior period error adjustment sanitation billing adjustment 18/19	(141 175)
Prior period error adjustment water billing correction 19/20	2 179 402
Prior period error adjustment sanitation billing adjustment 19/20	(203 974)
Financial loss recovered for expences previously incurred	1 101 000
Prior period error adjustment debtors from shared services debtors 18/19	1 403 654
Prior period error adjustment debtors from shared services debtors 19/20	1 320 975
Prior year adjustment on fully depreciated assets	3 513 702
Inventory prior period error	(21 008)
Inventory prior period error	1 741
Consumer Debtors prior period error	(3 684)
Allocation of assets not on Asset Register	283 689
Work in Progress prior period error	(8 804 173)
Prior period error-water stock adjustment	1 686 654
Prior year adjustment on fully depreciated intangible assets	38 003
Prior period adjustment of payments paid in 20/21 instead of 19/20	(12 489 994)
	<u>3 704 373 431</u>

Accumulated surplus was understated, an asset category balancing was undertaken and an adjustment from PPE was transferred to accumulated surplus, other prior period adjustments for stock, WIP, fully depreciated assets, recalculation of billing for prior years, financial loss recovered, shared services debtors restatement and asset not included on asset register.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

59. Prior period errors/Reclassification (continued)

Statement of Financial Performance

	Audited	Prior year	Reclassifying	Restated
Note(s)	R	adjustments	adjustments	R
		R	R	
Revenue				
Revenue from exchange transactions				
Service charges	37 633 180	2 050 706	-	39 683 886
Rental of facilities and equipment	159 359	(3 415)	-	155 944
Interest received (trading)	-	27 212	-	27 212
Other operating revenue	1 124 284	(79 212)	-	1 045 072
Investment revenue	4 759 511	-	-	4 759 511
Total revenue from exchange transactions	43 676 334	1 995 291	-	45 671 625
Revenue from non-exchange transactions				
Taxation revenue				
Interest, Dividends and Rent on Land	27 212	(27 212)	-	-
Transfer revenue				
Government grants & subsidies	977 652 000	-	-	977 652 000
Fines, Penalties and Forfeits	3 874	250	-	4 124
Total revenue from non-exchange transactions	977 683 086	(26 962)	-	977 656 124
Total revenue	1 021 359 420	1 968 329	-	1 023 327 749
Expenditure				
Employee related costs	(208 933 659)	(1 320 976)	-	(207 612 683)
Remuneration of councillors	(8 371 666)	-	-	(8 371 666)
Employee benefit	(10 616 861)	-	5 616 861	(5 000 000)
Depreciation and amortisation	(76 146 250)	-	-	(76 146 250)
Debt impairment	(15 905 124)	-	-	(15 905 124)
Collection costs	96 034	-	-	96 034
Inventory consumed	(14 684 708)	-	-	(14 684 708)
Bulk purchases	(17 076 496)	(1 742 402)	(654 984)	(19 473 882)
Contracted services	(241 488 146)	(10 362 704)	-	(251 850 850)
Transfers and subsidies	(6 939 481)	-	-	(6 939 481)
Lease rental	(223 509)	-	-	(223 509)
General Expenses	(98 861 807)	(384 888)	654 984	(98 591 711)
Total expenditure	(699 151 673)	(11 169 018)	5 616 861	(704 703 830)
Operating surplus	322 207 747	(9 200 689)	5 616 861	318 623 919
Gain or loss on disposal of assets and liabilities	(37 388)	-	-	(37 388)
Gain or loss on impairment	(1 679 931)	-	-	(1 679 931)
Fair value adjustments	-	2 005 498	-	2 005 498
Gain from non-exchange transactions	8 359 695	283 688	-	8 643 383
Inventories (losses/write-downs)/ reversal of write downs	1 138 323	-	-	1 138 323
Prior year adjustment on fully depreciated assets	552 938	3 551 705	-	4 104 643
Actuarial gains/losses-Financial loss recovered- Transfer from WIP	-	(7 703 173)	(5 616 861)	(13 320 034)
	8 333 637	(1 862 282)	(5 616 861)	854 494
Surplus for the year	330 541 384	(11 062 971)	-	319 478 413

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

59. Prior period errors/Reclassification (continued)

59.11 Service charges

Balance previously reported	37 633 180
Prior adjustment on water	2 179 402
Prior adjustment on sanitation	(203 974)
Reclassification from other income to service charges	78 962
Prior period error balancing ledger and listing	(3 684)
	<u>39 683 886</u>

Service charges was understated by an amount of R1 975 428 emanating from understatement of R2 179 402 in water and overstatement of R203 974 in sanitation. Reclassification of service charges from other revenue to reconcile and achieve perfect mSCOA alignment, prior period error balancing general ledger and debtors listing.

59.12 Rental of facilities and equipment

Balance previously reported	159 359
Prior period error	(3 415)
	<u>155 944</u>

Prior period error, rent was charged twice for June 2020.

59.13 Interest received (trading)

Balance previously reported	-
Reclassification of interest on service charges	27 212
	<u>27 212</u>

Reclassification of interest on service charges from non exchange revenue to exchange to achieve perfect mSCOA alignment

59.14 Other operating revenue

Balance previously reported	1 124 284
Reclassification to service charges	(78 962)
Reclassification of forfeit deposits	(250)
	<u>1 045 072</u>

Reclassification of service charges and forfeit deposit to achieve perfect mSCOA alignment.

59.15 Fine, Penalties and Forfeits

Balance previously reported	3 874
Reclassification from other income	250
	<u>4 124</u>

Reclassification of forfeit deposit to achieve perfect mSCOA alignment.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

59. Prior period errors/Reclassification (continued)

59.16 Employee related costs

Balance previously reported	(208 933 659)
Prior period error adjustment	1 320 976
	<u>(207 612 683)</u>

Employee related cost was overstated by an amount of R1 320 976, This amount relates to shared services debtors for the period ending 2019/2020.

59.17 Employee benefits

Balance previously reported	(10 616 861)
Reclassification to actuarial gain/losses	5 616 861
	<u>(5 000 000)</u>

Reclassification of actuarial gain/losses to adjustments under operating surplus.

59.18 Bulk purchases

Balance previously reported	(17 076 496)
Prior period adjustment	(654 984)
Prior period adjustment of payments made in 20/21 instead of 19/20	(1 742 402)
	<u>(19 473 882)</u>

A journal recording a prepaid expense and deposit made adjustment was incorrectly allocated under bulk purchases electricity, and has been transferred to Operating cost. The adjustment for R1 742 402 as made for correction on reclassification from bulk purchases to general expense on electricity purchased which was incorrectly allocated as bulk purchases

59.19 Contracted services

Balance previously reported	(241 488 146)
Prior period adjustment of payments made in 20/21 instead of 19/20	(10 362 704)
	-
	<u>(251 850 850)</u>

The error relates to the correction of expenditure on water tankers and business and advisory services where payments were made in 2020-21 but the services were received in the 2019-20 financial year.

59.20 General Expenses

Balance previously reported	(98 861 807)
reclassification from bulk purchases	654 984
Prior period adjustment of payment paid in 20/21 instead of 19/20	(384 888)
	<u>(98 591 711)</u>

The error relates to the correction of expenditure on municipal services, telephones and fax account and where payments were made in 2020-21 but services were received in the 2019-20 financial year. There was also a reclassification from bulk water purchases to general expenses to rectify the allocation of electricity purchased which was incorrectly allocated to bulk ware purchases.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

59. Prior period errors/Reclassification (continued)

59.21 Fair value adjustments

Balance previously reported	-
Inventory adjustment	1 667 386
Trade and other receivables from exchange transactions	(1 065 542)
Trade and other receivables from non-exchange transactions	1 403 654
	<u>2 005 498</u>

Prior period adjustment of inventory for 2019/20, interim billing recalculation and shared services debtor for 2018/19 .

59.22 Gain from non-exchange transactions

Balance previously reported	8 359 695
Allocation of assets not on Asset Register	283 688
	<u>8 643 383</u>

Allocation of asset identified during asset count

59.23 Prior year adjustment on fully depreciated assets

Balance previously reported	552 938
Property plant and equipment	3 513 702
Intangible assets	38 003
	<u>4 104 643</u>

Prior period adjustment on fully depreciated assets

59.24 Actuarial gains/losses-Financial loss recovered-Transfer from WIP

Balance previously reported	-
Reclassification to actuarial gain/losses	(5 616 861)
Work in Progress prior period error	(8 804 173)
Financial loss recovered	1 101 000
	<u>(13 320 034)</u>

Reclassification of actuarial gain/losses from employee benefit, prior period adjustment of WIP and proceeds from lost cheques

60. Segment information

General information

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

60. Assets under delayed construction (continued)

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and public safety, Economic and environmental services and Trading services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipality's operations are in the KwaZulu Natal Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

Aggregated segments

2021

	Community and public safety	Economic and environmental services	Trading services	Unallocated	Total
Segment revenue					
External revenue from non-exchange transactions	1 911 000	6 203 680	449 804 691	574 193 078	2 112 449
External revenue from exchange transactions	10 000	-	52 794 368	841 171	53 645 539
Interest revenue	-	-	-	3 225 646	3 225 646
Total	1 921 000	6 203 680	502 599 059	578 259 895	1 088 983 634
Segment expenses					
Total segment expenses	(18 284 843)	(19 780 786)	(457 619 758)	(223 775 556)	(719 460 943)
Depreciation and amortisation	(120 270)	(108 098)	(77 849 040)	(5 422 373)	(83 499 781)
Total	(18 405 113)	(19 888 884)	(535 468 798)	(229 197 929)	(802 960 724)
Surplus for the year	(16 484 113)	(13 685 204)	(32 869 739)	349 061 966	286 022 910
Other information					
Segment assets	(43 719)	15 524 317	4 128 407 666	137 388 513	4 281 276 777
Segment liabilities	-	-	(2 497 886)	(271 280 341)	(273 778 227)
Total capital expenditure	547 040	3 322 330	333 170 749	4 415 721	341 455 840

Directive 3 transitional provisions for GRAP 18 (Segment reporting) allows comparative figures not to be disclosed in the first year of adoption. The Municipality has elected to take advantage of the provisions of Directive 3.

61. Debt impairment

Contributions to debt impairment provision	9 053 913	15 905 124
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Zululand District Municipality
Zululand District Municipality

Appendix B

June 2021

Analysis of property, plant and equipment as at 30 June 2018
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														
Land (Separate for AFS purposes)	470 000	-	-	-	-	-	470 000	-	-	-	-	-	-	470 000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	45 445 591	-	-	-	-	-	45 445 591	(13 548 683)	-	-	(1 258 705)	-	(14 807 388)	30 638 203
	45 915 591	-	-	-	-	-	45 915 591	(13 548 683)	-	-	(1 258 705)	-	(14 807 388)	31 108 203
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	215 221 810	-	-	-	-	-	215 221 810	(30 926 001)	-	-	(3 436 316)	-	(34 362 317)	180 859 493
Water purification	278 930 699	-	-	-	-	-	278 930 699	(36 125 540)	-	-	(5 670 598)	-	(41 796 138)	237 134 561
Reticulation	1 339 235 027	-	-	-	-	-	1 339 235 027	(198 311 450)	-	-	(31 944 792)	-	(230 256 242)	1 108 978 785
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	55 391 761	-	-	-	-	-	55 391 761	(18 310 142)	-	-	(1 694 148)	-	(20 004 290)	35 387 471
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	24 312 868	-	-	-	-	-	24 312 868	(3 640 343)	-	-	(1 219 496)	-	(4 859 839)	19 453 029
Housing	95 159 301	-	-	-	-	-	95 159 301	(11 192 932)	-	-	(1 728 141)	-	(12 921 073)	82 238 228
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	144 333 122	5 410	-	-	-	-	144 338 532	(34 492 078)	-	-	(3 545 147)	-	(38 037 225)	106 301 307
	2 152 584 588	5 410	-	-	-	-	2 152 589 998	(332 998 486)	-	-	(49 238 638)	-	(382 237 124)	1 770 352 874
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	14 933 380	-	-	(4 965 844)	-	-	9 967 536	(3 894 807)	1 320 009	-	(363 551)	-	(2 938 349)	7 029 187
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14 933 380	-	-	(4 965 844)	-	-	9 967 536	(3 894 807)	1 320 009	-	(363 551)	-	(2 938 349)	7 029 187

Zululand District Municipality
Zululand District Municipality

Appendix B

June 2021

Analysis of property, plant and equipment as at 30 June 2018
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
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	41 292 214	-	-	-	-	-	41 292 214	(29 164 101)	-	-	(3 702 296)	-	(32 866 397)	8 425 817
Plant & equipment	5 226 228	-	-	-	-	-	5 226 228	(2 769 517)	-	-	(408 359)	-	(3 177 876)	2 048 352
Computer Equipment	4 590 253	504 552	-	-	-	-	5 094 805	(3 443 760)	-	-	(573 946)	-	(4 017 706)	1 077 099
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1 955 826	29 143	-	-	-	-	1 984 969	(1 032 114)	-	-	(257 329)	-	(1 289 443)	695 526
Office Equipment	2 466 184	-	-	-	-	-	2 466 184	(2 126 038)	-	-	(144 815)	-	(2 270 853)	195 331
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other equipment	256 419	72 000	-	-	-	-	328 419	(110 568)	-	-	(65 284)	-	(175 852)	152 567
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	139 475	-	-	-	-	-	139 475	(138 332)	-	-	(1 143)	-	(139 475)	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	30 245	-	-	-	-	-	30 245	(4 654)	-	-	(2 523)	-	(7 177)	23 068
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	52 945	-	-	-	-	-	52 945	(27 449)	-	-	(2 608)	-	(30 057)	22 888
	56 009 789	605 695	-	-	-	-	56 615 484	(38 816 533)	-	-	(5 158 303)	-	(43 974 836)	12 640 648

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Zululand District Municipality

Appendix B

June 2021

Analysis of property, plant and equipment as at 30 June 2018
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	45 915 591	-	-	-	-	-	45 915 591	(13 548 683)	-	-	(1 258 705)	-	(14 807 388)	31 108 203
Infrastructure	2 152 584 588	5 410	-	-	-	-	2 152 589 998	(332 998 486)	-	-	(49 238 638)	-	(382 237 124)	1 770 352 874
Community Assets	14 933 380	-	-	(4 965 844)	-	-	9 967 536	(3 894 807)	1 320 009	-	(363 551)	-	(2 938 349)	7 029 187
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	56 009 789	605 695	-	-	-	-	56 615 484	(38 816 533)	-	-	(5 158 303)	-	(43 974 836)	12 640 648
	2 269 443 348	611 105	-	(4 965 844)	-	-	2 265 088 609	(389 258 509)	1 320 009	-	(56 019 197)	-	(443 957 697)	1 821 130 912
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	887 713	-	-	-	-	-	887 713	(593 723)	-	-	(146 169)	-	(739 892)	147 821
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	887 713	-	-	-	-	-	887 713	(593 723)	-	-	(146 169)	-	(739 892)	147 821
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	45 915 591	-	-	-	-	-	45 915 591	(13 548 683)	-	-	(1 258 705)	-	(14 807 388)	31 108 203
Infrastructure	2 152 584 588	5 410	-	-	-	-	2 152 589 998	(332 998 486)	-	-	(49 238 638)	-	(382 237 124)	1 770 352 874
Community Assets	14 933 380	-	-	(4 965 844)	-	-	9 967 536	(3 894 807)	1 320 009	-	(363 551)	-	(2 938 349)	7 029 187
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	56 009 789	605 695	-	-	-	-	56 615 484	(38 816 533)	-	-	(5 158 303)	-	(43 974 836)	12 640 648
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	887 713	-	-	-	-	-	887 713	(593 723)	-	-	(146 169)	-	(739 892)	147 821
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2 270 331 061	611 105	-	(4 965 844)	-	-	2 265 976 322	(389 852 232)	1 320 009	-	(56 165 366)	-	(444 697 589)	1 821 278 733

Zululand District Municipality
Zululand District Municipality

Appendix B

June 2021

Analysis of property, plant and equipment as at 30 June 2011
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
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Segmental analysis of property, plant and equipment as at 30 June 2018
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 deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	25 845	-	-	26 047	-	-	-	(83 479)	(656)	(84 136)	(58 089)

