

Chapter 5

Annual Financial Statements for the year ended 30 June 2012

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

5.1 GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Cllr VZ kaMagwaza Msibi
Cllr MA Hlatshwayo
Cllr V O Mbuyisa
Cllr B B Zwane
Cllr ME Khumalo
Cllr S E Nkwanyana
Cllr SE Qwabe
Cllr T R Bunge
Cllr M M Mntungwa
Cllr M B Mabaso
Cllr SZ Buthelezi
Cllr R B Mhlungu
Cllr N J Mjaja
Cllr Z Siyaya
Cllr T B Lukhele
Cllr SJ Zulu
Cllr BJ Mncwango
Cllr BC Nhlabathi

Mayor

Speaker

Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee

Deputy Mayor

Member resigned during the year
Member
Member
Member
Member
Member
Member
Member
Member
Member

MEMBERS OF THE COUNCIL

Cllr KE Nxumalo
Cllr IA Mbatha
Cllr NM Nhlabathi
Cllr RM Zulu
Cllr MT Lushaba
Cllr NF Zulu
Cllr MS Ntshangase
Cllr ISM Hadebe
Cllr ME Buthelezi
Cllr Mkhize TK
Cllr Ximba SP
Cllr TL Khumalo
Cllr ZI Mtshali
Cllr LS Dumakude
Cllr N Xaba
Cllr TJ Khumalo
Cllr Dlamini QM

Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS**
for the year ended 30 June 2012

ANNUAL FINANCIAL STATEMENTS

| | |
|--|----------------------------------|
| General information (continued) | |
| Municipal Manager | |
| J.H. de Klerk | |
| Chief Financial Officer | |
| S.B. Nkosi | |
| Grading of Local Authority | |
| 4 | |
| Auditors | |
| Auditor-General South Africa | |
| Bankers | |
| ABSA Bank Limited | |
| Registered Office: | ZULULAND DISTRICT MUNICIPALITY |
| Physical address: | B-400 GAGANE STREET ULUNDI, 3838 |
| Telephone number: | 035 874 5500 |
| Fax number: | 035 874 5589/91 |
| E-mail address: | mm@zululand.org.za |
| | |

Municipal Manager:
31 August 2012

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS**
for the year ended 30 June 2012

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ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

| | Note | 2012 R | 2011 R |
|--|--------|-----------------------------|-----------------------------|
| ASSETS | | | Restated |
| Current assets | | 197,593,703 | 205,621,141 |
| cash and cash equivalents | 2 | 170,026,780 | 175,013,351 |
| Trade and other receivables from exchange transactions | 3 | 5,460,061 | 3,973,149 |
| Other receivables from non-exchange transactions | 4,37 | 2,409,553 | 2,278,421 |
| Inventories | 5 | 2,550,081 | 1,869,662 |
| Prepayments | 6 | 1,269,012 | 494,494 |
| VAT receivable | 12 | 15,878,218 | 21,992,064 |
| Non-current assets | | 1,496,160,295 | 1,296,390,116 |
| Non-current receivables | 7 | 3,354,950 | 2,515,578 |
| Property, plant and equipment | 8 | 1,492,544,710 | 1,293,663,991 |
| Intangible assets | 9 | 260,635 | 210,547 |
| Total assets | | <u>1,693,753,998</u> | <u>1,502,011,257</u> |
| LIABILITIES | | | |
| Current liabilities | | 135,949,693 | 154,696,648 |
| Trade and other payables from exchange transactions | 10 | 82,296,283 | 72,897,748 |
| Consumer deposits | 11 | 3,318,848 | 3,279,005 |
| Vat Payable | 12 | - | 5,054,192 |
| Unspent conditional grants and receipts | 13 | 10,734,655 | 11,438,793 |
| Current portion of borrowings | 14 | - | 1,499,844 |
| Current portion of finance lease liability | 15 | 112,355 | 290,932 |
| Bank overdraft | 2 | 39,476,013 | 30,395,497 |
| Other current liabilities | 16; 37 | 11,539 | 29,840,635 |

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

| | Note | 2,012 R | 2011 R |
|-------------------------------------|------|-----------------------------|-----------------------------|
| Non-current liabilities | | - | 1,362,019 |
| Non-current borrowings | 14 | - | 1,255,065 |
| Non-current finance lease liability | 15 | - | 106,954 |
| Total liabilities | | <u>135,949,693</u> | <u>156,058,667</u> |
| Net assets | | <u>1,557,804,304</u> | <u>1,345,952,590</u> |
| NET ASSETS | | | |
| Accumulated surplus / (deficit) | | <u>1,557,804,304</u> | <u>1,345,952,590</u> |
| Total net assets | | <u>1,557,804,304</u> | <u>1,345,952,590</u> |

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

| | Note | 2012 R | 2011 R |
|---|------|----------------------------------|----------------------------------|
| Revenue | | | |
| Service charges | 17 | 27,077,989 | 23,686,288 |
| Rental of facilities and equipmen | 18 | 98,400 | 83,973 |
| Interest earned-external investments | 19 | 13,252,501 | 12,316,926 |
| Interest earned-outstanding receivables | 20 | 953,771 | 573,765 |
| Government grants and subsidies | 21 | 569,632,092 | 418,602,742 |
| Other income | 22 | 3,207,806 | 1,411,127 |
| Total revenue | | <u>614,222,561</u> | <u>456,674,820</u> |
| Expenses | | | |
| Employee related costs | 23 | 92,255,387 | 84,260,959 |
| Remuneration of councilors | 24 | 5,674,057 | 4,791,758 |
| Contribution to Doubtful debts | 3 | 6,500,083 | 14,996,451 |
| Depreciation and amortisation expense | 25 | 32,072,963 | 31,573,790 |
| Repairs and maintenance | | 36,470,055 | 27,836,915 |
| Finance costs | 26 | 253,335 | 618,348 |
| Bulk Water purification and Sewer Treatment | 27 | 52,495,722 | 39,165,592 |
| Contracted services | 28 | 5,981,967 | 4,344,456 |
| Grants and subsidies paid | 29 | 980,879 | 899,694 |
| General expenses | 30 | 166,231,788 | 145,882,575 |
| Total expenses | | <u>398,916,237</u> | <u>354,370,538</u> |
| Gains / (losses) on sale of assets | 31 | 26,930 | (22,984.0) |
| Financial Loss | 41 | <u>(3,481,538.6)</u> | |
| Surplus / (deficit) for the period | | <u><u>211,851,715</u></u> | <u><u>102,281,298</u></u> |

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2012

| DETAILS | Note | Accumulated Surplus/(Deficit) R |
|---|------|------------------------------------|
| Balance at 30 June 2010 | | 1,241,163,066 |
| Changes in accounting policy | | - |
| Correction of prior period error | 37 | (3,195,791.2) |
| Restated Balance at 30 June 2010 | | 1,237,967,275 |
| Correction of prior period error | 37 | 5,704,017 |
| Surplus / (deficit) for the period | | <u>102,281,298</u> |
| Restated Balance at 30 June 2011 | | 1,345,952,590 |
| Surplus / (deficit) for the period | | <u>211,851,715</u> |
| Balance at 30 June 2012 | | <u>1,557,804,304</u> |

ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
as at 30 June 2012

| | Note | 2012 R | 2011 R |
|--|------|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | 603,946,073 | 436,275,455 |
| Cash Received from consumers, government and other | 32 | 603,946,073 | 436,275,455 |
| Payments | | (396,968,115) | (292,120,954) |
| Cash Paid to employee costs, supplier and other | 32 | (396,968,115) | (292,120,954) |
| Net cash flows from operating activities | 32 | 206,977,958 | 144,154,501 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net cash flows from investing activities | | (217,751,269) | (145,368,318) |
| Purchase of Property, Plant and Equipment | | (230,953,682) | (157,621,641) |
| Proceeds from sale of Property, Plant and Equipment | | | |
| Interest-Investments | | 13,252,501 | 12,316,926 |
| Purchase of intangible assets | | (50,088) | (63,603) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (2,754,909) | (1,499,844) |
| Proceeds from finance lease liability | | - | - |
| Repayment of finance lease liability | | (285,531) | (220,425) |
| Finance Cost-Borrowings | | (253,335) | (618,348) |
| Finance Cost-Finance Lease | | - | - |
| | | <u>(14,067,086)</u> | <u>(3,552,435)</u> |
| Net increase / (decrease) in net cash and cash equivalents | | (14,067,086) | (3,552,435) |
| Net cash and cash equivalents at beginning of period | | 144,617,853 | 148,170,288 |
| Net cash and cash equivalents at end of period | 33 | <u>130,550,767</u> | <u>144,617,853</u> |