



**NATIONAL  
TREASURY**

# **Restructuring Return Form**

**(Version 210405\_1300)**

## **Purpose**

The Division of Revenue Act requires monthly reporting on the Restructuring Grant to ensure that:

- Funds are transferred to municipalities according to the payment schedule;
- Municipalities spend funds received;
- The conditions of the grant are achieved

The grant may be withheld if the Division of Revenue Act is breached including failure to meet monthly reporting requirements.

## **Format of Return Form**

The Excel (.xls) template conforms to the following specification. Municipalities should not change the template.

The database is expecting specific data with specific attributes. If this is not found, problems will arise.

Use the drop down lists and follow instructions on the form.

- Select the municipality, Financial Year and Month End
- Enter the amounts received and spent in prior periods for the entire history of the grant (since inception). These amounts will be compared against figures already stored in the Local Government Database.
- Enter the amounts received and spent in the current month. These will be uploaded to the Local Government Database.
- Total received, total spent, the amount unspent and the percentage spent will be calculated.

- All figures are to be entered in whole Rands and as positive (+).
- Notes on the calculation of indicators are attached at the end of this guide.

## Submission Process

Signed hard copies are required to ensure accountability and an electronic submission is required to enable streamlined monitoring.

### Signed Hard Copy Submission

Once completed, ensure that the hard copy is signed and dated by the municipal manager and forwarded either by mail or by fax to the numbers below.

National Treasury  
Chief Director Local Government  
Private Bag X115, Pretoria 0001  
Phone: 012 315 5850  
Facsimile: 012 315 5957 or 012 315 5230

### Electronic Submission

Ensure the file is saved in the correct format (Muncde\_RG\_ccyy\_Mnn\_.xls) by selecting the correct **MunCode**, **Financial year**, and **period** from the drop-down lists and using the inbuilt macro to automatically save using the correct file name. Simultaneously press **Shift+Ctrl+S** (With "**Caps Lock**" off) to invoke the macro.

Email the Excel (.xls) file to [lqdatabase@treasury.gov.za](mailto:lqdatabase@treasury.gov.za) with a subject heading of **Financial Reporting Database Input**.

## Timing of Submission

This return form must be submitted each month within 10 days of the end of the month.

Explanation of financial indicators

Indicator	Objective	Formula	Definitions
<b>Total borrowing/ annual income</b>	Indicates the extent of long and short-term liabilities in relation to income. The purpose of the ratio is to provide assurance that sufficient income will be generated to repay liabilities.	$[\text{Total Debt} \div \text{Total Income}] \times 100\%$	Total Debt: <b>Aggregate of long-term liabilities, short-term liabilities including bank overdrafts, hire purchase liabilities and finance lease liabilities but excluding trade creditors, consumer deposits, payments in advance from consumers and provisions.</b>  Total Income: <b>Income from all sources that will be credited to the income statement for financial statement purposes in accordance with prescribed financial statement formats.</b>
<b>Capital charges/ operating expenditure</b>	Indicates the extent to which income is applied to the servicing of debt. Provides assurance that the proportion of debt financing expenditure to total expenditure is manageable.	$[\text{Capital Charges} \div \text{Operating Expenditure}] \times 100\%$	Capital Charges: <b>Internal and external loan redemption charges as well as internal and external interest charges that are debited to the income statement.</b>  Operating expenditure: <b>Includes all expenditure that will be debited to the income statement for financial statement purposes in terms in accordance with prescribed financial statement formats. It excludes capital expenditure.</b>
Annual collection rate (debtors)	This ratio monitors receipts as a percentage of billing covering the immediate twelve-month period. This takes into account seasonal factors. It also takes into account periods where consumption is higher and the non-payment level will be accentuated. It will indicate the improvement in debtors management.	$[\text{Debtors Receipts for the immediate past twelve months}] \div [\text{Debtors billing periods relating to receipts for the immediate past twelve months}]$	Debtors receipts: <b>Is the amount received from debtors in respect of services billed on a monthly basis. It includes receipts relating to rates, consumption of services and other charges for which invoices are issued monthly. It excludes regional council levies.</b>  Debtors billing: <b>Includes the amount billed for services on a monthly basis. It includes rates, consumption of services and other charges for which invoices are issued monthly. It excludes council levies.</b>  <i>Note: reported billing will be the month prior to which receipts are recorded. For example, in measuring the collection rate for June 2002, receipts in the month of June 2002 will be used in the formula and billings for one month used, in other words billings raised in May 2002.</i>

<p>Net debtors to annual income</p>	<p>This ratio focuses on the period that it takes to recover payment in respect of those amounts that are deemed to be recoverable. It therefore only takes into account the major income sources that give rise to consumer and other current debtors, excluding bad debts provisions. It indicates the effectiveness of credit control procedures and enables assessment of the provision for bad debts.</p>	<p><math display="block">\left[ \frac{\text{Net Current Debtors}}{\text{Total Income}} \right] \times 100\%</math></p>	<p>Net Current debtors: <b>Is the balance of debtors that are classified as current for financial statement purposes, but excluding the short-term portion of long-term debtors. The provision for bad debts is deducted from the current debtors' balances.</b></p> <p>Provision for bad debts: <b>Is the amount set aside as a provision in the accounting records to take into account the possible non-payment by debtors.</b></p> <p>Total Income: <b>Income from all sources that will be credited to the income statement for financial statement purposes in accordance with prescribed financial statement formats.</b></p>
<p>Personnel costs/ total income</p>	<p>Indicates the extent to which income is applied to the payment of personnel. Provides assurance that the proportion of personnel expenditure to total income is manageable and the impact of personnel cost increases on the overall budget is limited.</p>	<p><math display="block">\left[ \frac{\text{Personnel Costs}}{\text{Total Income}} \right] \times 100\%</math></p>	<p>Personnel Costs: <b>The amount expended on employees, both part-time and full-time and which cost relates directly to the employment of personnel.</b></p> <p>Total Income: <b>Income from all sources that will be credited to the income statement for financial statement purposes in accordance with prescribed financial statement formats.</b></p>
<p><b>Creditors days</b></p>	<p>This ratio focuses on the period that it takes to make payment to suppliers of goods and services. It provides an indication of the extent to which cash flow is being sustained by creditor financing and enables an assessment to be made of cash flow.</p>	<p><math display="block">\left[ \frac{\text{Creditors Expenditure giving rise to creditors}}{365 \text{ days}} \right] \times</math></p>	<p>Creditors: <b>Is the balance of creditors that are classified as current for financial statement purposes, but excluding the short-term portion of long-term liabilities. For in-year reporting, orders placed but not delivered should be included.</b></p> <p>Expenditure giving rise to creditors: <b>Total operating expenditure as defined above less personnel costs as well as other non-cash expenditure which would be identified in the cash flow statement prepared in accordance with the prescribed financial statement formats.</b></p> <p>Personnel Costs: <b>The amount expended on employees, both part-time and full-time and which cost relates directly to the employment of personnel.</b></p> <p>Operating expenditure: <b>Includes all expenditure that will be debited to the income statement for financial</b></p>

			<b>statement purposes in terms in accordance with prescribed financial statement formats. It excludes capital expenditure.</b>
<b>Budget implementation indicator</b>	This ratio focuses on the extent to which actual financial performance compares to budgeted financial performance in respect of income, operating expenditure and capital expenditure. It measures the extent to which the budget is being implemented. Three ratios should be calculated separately for income, expenditure and capital expenditure	$\frac{[\text{Actual Performance} \div \text{Annual Budget}] \times 100\%}{}$ <p><b>in respect of:</b></p> <ol style="list-style-type: none"> <li><b>1 income,</b></li> <li><b>2 operating expenditure and</b></li> <li><b>3. capital expenditure</b></li> </ol>	<p><b>Actual performance (income):</b> Income from all sources that will be credited to the income statement for financial statement purposes in accordance with prescribed financial statement formats.</p> <p><b>Actual performance (expenditure):</b> <b>Includes all expenditure that will be debited to the income statement for financial statement purposes in accordance with prescribed financial statement formats. It excludes capital expenditure.</b></p> <p><b>Actual performance (capital expenditure):</b> <b>Is all expenditure that will be capitalised to fixed assets for financial statement purposes.</b></p> <p><b>Annual budget (income, operating expenditure and capital expenditure):</b> <b>Are the amounts included in the annual budget approved by Council.</b></p>