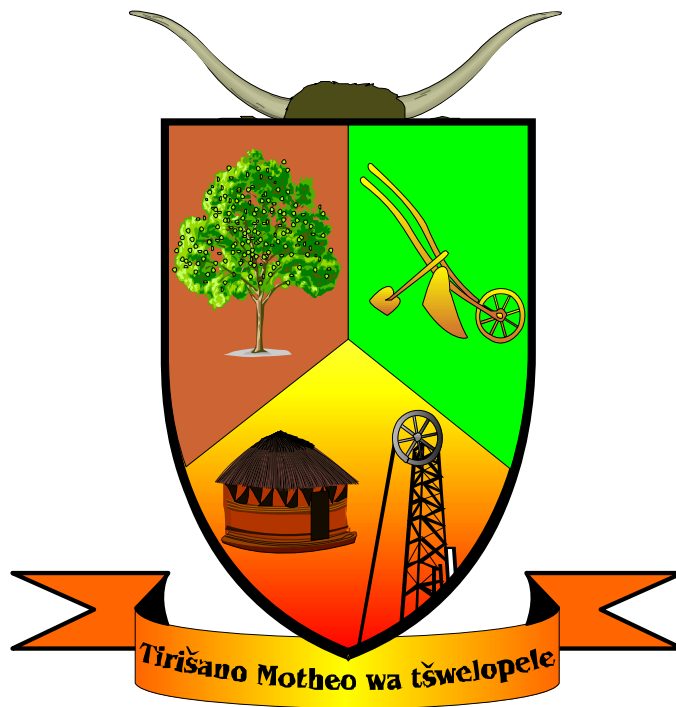


FETAKGOMO LOCAL MUNICIPALITY



Annual Financial Statements

for

Fetakgomo Municipality

for the year ended 30 June: **2009**

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	MF Mokoko
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Name of Chief Financial Officer:	Sylvester Hlakudi (Acting)
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Treasury:	Thomas Matjeni
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FETAKGOMO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2009

General information

Members of the Council

MC Marota	Mayor
Ms RC Phaladi	Speaker
Mrs MD Phala	Members of the Executive Committee
Mr NJ Matsetse	
Mr KK Mamphekgo	
Mrs PR Maisela	
Mr NS Mampuru (Chiefwhip)	Members
Mr KA Seroka	
Mrs RL Mphishane	
Mr MJ Nchabeleng	
Mr RM Sekgobela	
Mr TI Sekgala	
Ms MS (Senyatsi) Malungane	
Ms MG Seroka	
Ms MS Madutlela	
Mr MH Mathipa	
Mr NF Matlala	
Mr MZ Matseba	
Ms M Nchabeleng	
Mr MK Malapela (deceased Oct-2008)	
Mr PL Nchabeleng	
Mrs TN Phala	
Mr MC Mabotha	
Mr KA Selepe	
Ms RE Sefala	
Mr NT Lesufi	
Ms MS Masemola (appointed Jan-2009)	

Municipal Manager

MF Mokoko

Chief Financial Officer

Mr S Hlakudi (Acting)

Grading of Local Authority

2

Auditors

Auditor-General

Bankers

ABSA Bank

FETAKGOMO LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2009

General information (continued)

Registered Office: Ga-Nkoana

Physical address:
Stand no 1
Mashung
Ga-Nkoana
0740

Postal address:
PO Box 818
Apel
0739

Telephone number: 015 622 8000

Fax number: 015 622 8026

E-mail address:

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APPROVAL AND CERTIFICATION

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 29, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 15 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 Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M F MOKOKO
MUNICIPAL MANAGER

DATE

FINANCIAL POSITION AS AT 30 JUNE 2009

		2009	2008
	Note	R	R
ASSETS			
Current assets			
Inventories	2	86 696	186 447
Trade and other receivables	3	879 337	290 067
Investments	4	5 086 870	4 622 017
Cash and cash equivalents	5	5 336 391	6 606 010
Non-current assets			
Property, plant & equipment	6	31 161 035	28 618 896
Total Assets		<u>42 550 329</u>	<u>40 323 437</u>
LIABILITIES			
Non Current Liabilities			
Finance lease obligation	7	128 410	224 636
Current liabilities			
Trade and other payables	8	2 394 042	1 617 663
Unspent conditional grants and receipts	9	4 588 744	2 177 820
Finance lease obligation	7	96 226	82 491
Total liabilities		<u>7 207 422</u>	<u>4 102 610</u>
Total Net Assets		<u>35 342 907</u>	<u>36 220 827</u>
Accumulated surplus/(deficit)		35 342 907	36 220 827
Total Net Assets and Liabilities		<u>35 342 907</u>	<u>36 220 827</u>

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Rental of facilities and equipment		126 887	83 381
Investment Revenue – external investments	10	1 316 964	1 114 001
Licenses and permits		85 077	2 709
Government grants and subsidies received - operating	11	22 326 750	17 367 012
Government grants and subsidies received - capital	11	2 386 237	6 691 929
Public contributions, donated and contributed property, plant and equipment	12	-	466 783
Other revenue	13	230 223	95 425
Total Revenue		<u>26 472 139</u>	<u>25 821 241</u>
EXPENDITURE			
Employee related costs	14	11 616 828	7 455 659
Remuneration of councillors	15	5 120 650	4 192 993
Depreciation		1 688 297	1 369 994
Repairs and maintenance		289 356	62 508
Finance Costs	16	41 907	
General expenses	17	8 609 868	7 165 223
Total Expenditure		<u>27 366 906</u>	<u>20 246 377</u>
GAINS AND LOSSES			
Loss on disposal of property, plant and equipment		-	(3 589 696)
Fair value adjustment		-	788 800
Net gains and losses		-	<u>(2 800 896)</u>
NET (DEFICIT)/SURPLUS FOR THE YEAR		<u>(894 767)</u>	<u>2 773 968</u>

CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Accumulated Surplus/ (Deficit)	Total
		R
Balance at 1 July 2007	33 446 859	33 446 859
Net surplus for the year	2 773 968	2 773 968
Property, plant and equipment purchased	-	-
Capital grants used to purchase PPE	-	-
Donated/contributed PPE	-	-
Asset disposals	-	-
Offsetting of depreciation	-	-
Balance at 30 June 2008	36 220 827	36 220 827
2009		
Prior period error (note 18)	16 847	16 847
Restated balance	36 237 674	36 237 674
Net deficit for the year	(894 767)	(894 767)
Property, plant and equipment purchased	-	-
Capital grants used to purchase PPE	-	-
Donated/contributed PPE	-	-
Asset disposals	-	-
Offsetting of depreciation	-	-
Balance at 30 June 2009	35 342 907	35 342 907

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		26 981 221	24 091 996
Cash paid to suppliers and employees		(24 802 479)	(18 174 378)
Cash generated from operations	19	2 178 742	5 917 618
Interest received		1 316 964	1 114 001
NET CASH FROM OPERATING ACTIVITIES		3 495 706	7 031 619
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4 217 982)	(8 223 558)
Purchase of investment property		-	(721 845)
Decrease/(increase) in investments		(464 853)	3 689 407
Decrease in long term receivables		-	35 232
NET CASH FROM INVESTING ACTIVITIES		(4 682 835)	(5 220 764)
CASH FLOW FROM FINANCING ACTIVITIES			
		(82 491)	307 127
NET CASH FROM FINANCING ACTIVITIES		(82 491)	307 127
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1 269 620)	2 117 982
Cash and cash equivalents at the beginning of the year		6 606 010	4 488 028
Cash and cash equivalents at the end of the year		5 336 391	6 606 010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008.

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

These annual financial statements have been prepared on a going concern basis.

In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements 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 may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgements and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following note:

Note 17: Lease classification

1.4 RESERVES

a) Capital Replacement Reserve (CRR)

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources.

The cash is transferred to a designated CRR account and can only be used to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

b) Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grants Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

c) Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5 PROPERTY, PLANT & EQUIPMENT

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

Residual value

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

Depreciation

Depreciation is calculated at historical cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

<u>Infrastructure Assets</u>	<u>Years</u>
Water reservoirs and reticulation	20
Electricity reticulation	30
Sewerage purification and reticulation	20
<u>Community Assets</u>	<u>Years</u>
Parks and gardens	30
Sport fields	30
Community halls	30
Libraries	30
Recreation facilities	30
Fire services	30
Cemeteries	30

1.5 PROPERTY, PLANT AND EQUIPMENT (CONTD)

<u>Other Assets</u>	<u>Years</u>
Motor vehicles	5
Plant and equipment	5
Security measures	10
Buildings	30
IT equipment	5
Office equipment	3 - 5
Furniture and fittings	7

Land is not depreciated as it is regarded as having an infinite life.

Heritage assets

These are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

Disposal of property, plant and equipment

- The carrying values of assets are written off on disposal.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

1.6 IMPAIRMENT OF ASSETS

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

1.7 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment, refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

1.7 LEASES (CONTD)

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease in the statement of financial performance. Initial direct costs incurred in negotiating and arranging the operating lease are included in the carrying amount of the leased asset and recognised in the statement of financial performance on a straight-line basis over the lease term.

1.8 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.8.1 FINANCIAL ASSETS

Financial assets are recognised in the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The municipality classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity as well as available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

1.8.1.1 Financial assets at fair value through profit and loss

An instrument is at fair value through profit or loss if it is held for trading or designated as such. Purchase or sale decisions with regard to these investments are managed in accordance with the municipality's documented risk or investment strategy. Financial assets at Fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. The net gain or loss recognised in the statement of financial performance incorporates any dividend or interest earned on the financial asset.

1.8 FINANCIAL INSTRUMENTS (CONTD)

1.8.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets. They include short-term receivables, such as property rates, trade and other receivables, and long-term receivables, such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are recognised initially at fair value, plus transaction costs. Subsequently items in this category are measured at amortised cost using the effective interest rate, and interest income is included in the statement of financial performance for the period. Net gains or losses represent; reversals of impairment losses, impairment losses, refer to impairment of assets policy 1.6 as well as gains or losses on derecognition. These net gains and losses are included in the statement of financial performance.

1.8.1.3 Held-to-maturity investments

Debt securities that the Municipality has the expressed intention and ability to hold to a fixed maturity date are recognised on a trade date basis and are initially measured at fair value plus transaction cost.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Surplus funds are invested in terms of Council's Investment Policy.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

1.8.1.4 Available for sale assets

Non-derivative assets that do not fall into any of the other categories are classified as available for sale. These financial instruments are stated at fair value plus transaction costs. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, refer to impairment of assets policy 1.6, are recognised directly in equity in the Mark-to-Market reserve.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

1.8.2 FINANCIAL LIABILITIES

Financial liabilities are recognised in the municipality's statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

The municipality classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued/obtained.

1.8 FINANCIAL INSTRUMENTS (CONTD)

1.8.2.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at Fair Value Through Profit or Loss where the financial liability is either held for trading or it is designated as at Fair Value Through Profit or Loss.

Financial liabilities at Fair Value Through Profit or Loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. Interest expense is calculated using the effective interest rate method and included as part of finance costs in the Statement of Financial Performance.

1.8.2.2 Other financial liabilities

Other financial liabilities, including interest bearing borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis.

1.8.3 RISKS

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

1.8.3.1 Interest rate risk

The Municipality is exposed to interest rate risk on its investments. This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in the interest rates.

1.8.3.2 Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No. 56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

1.8.3.3 Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterparty credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

1.8 FINANCIAL INSTRUMENTS (CONTD)

1.8.3.4 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limited exposure to any one counter-party.

The utilisation of credit limits is regularly monitored. Services to consumers are settled in cash.

Financial assets exposed to credit risk at year-end were as follows.

ABSA

FNB

Trade and other receivables

These balances represent the maximum exposure to credit risk

1.8.3.5 Counterparties

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

1.8.3.6 Fair value of financial instruments

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

1.9 INVENTORIES

The cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

1.10 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments are excluded. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

1.12 EMPLOYEE BENEFITS

1.12.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.12.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.12.3 Retirement benefits

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.13 REVENUE

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.13.1 Revenue from exchange transactions

Rendering of services

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or services potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

1.13.2 Revenue from non-exchange transactions

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

1.13 REVENUE (CONTD)

Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income .

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

1.13.3 Other

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.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.14 EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the invoice basis.

1.16 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 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.

1.17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 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.

1.18 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.

1.19 COMPARATIVE INFORMATION

Budgeted amounts have been included in the annexures to the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

	2009	2008
2. INVENTORIES		
Consumable stores	20 198	13 707
Printing and stationery	66 498	172 740
	<u>86 696</u>	<u>186 447</u>
3. TRADE AND OTHER RECEIVABLES		
MPCC debtors	61 318	37 160
Other debtors	25 494	-
Operating Lease equalising accrual	8 442	-
VAT	784 083	252 907
	<u>879 337</u>	<u>290 067</u>
4. FINANCIAL INSTRUMENTS		
INVESTMENTS		
Unlisted		
Fixed deposits	5 086 870	4 622 017
	<u>5 086 870</u>	<u>4 262 017</u>
Council's valuation of investments	5 086 870	4 262 017
	<u>5 086 870</u>	<u>4 262 017</u>
5. CASH AND CASH EQUIVALENTS		
The municipality has the following bank accounts:		
Absa Bank : Apel		
Account number: 4055788875		
Current account (primary bank account)		
Bank statement balance at beginning of year	8 414 214	4 490 443
Bank statement balance at end of year	<u>6 077 568</u>	<u>8 414 214</u>
Cash book balance at beginning of year	6 604 534	4 487 190
Cash book balance at end of year	<u>5 335 178</u>	<u>6 604 534</u>
Absa Bank : Apel		
Account number: 4055088198		
Current account (primary bank account)		
Bank statement balance at beginning of year	1 000	1 000
Bank statement balance at end of year	<u>1 000</u>	<u>1 000</u>
Cash book balance at beginning of year	1 000	1 000
Cash book balance at end of year	<u>1 000</u>	<u>1 000</u>
Petty cash		
Balance at end of year	212	1 476
Total cash resources	<u>5 336 391</u>	<u>6 606 010</u>

6. PROPERTY, PLANT & EQUIPMENT

	Buildings	Infrastructure	Community Assets	Other Assets	Finance Lease - Office equipment	Total
	R	R	R	R	R	R
Carrying values at 1 July 2008	9 893 192	170 611	16 448 800	1 806 696	312 051	28 631 350
Cost	10 476 112	250 327	16 802 104	3 428 239	361 569	31 318 351
Accumulated depreciation – cost	(582 920)	(79 716)	(353 304)	(1 621 543)	(49 518)	(2 687 001)
Acquisitions	129 534	194 631	24 148	1 475 746	-	1 824 059
Capital under construction	-	1 111 226	1 282 698	-	-	2 393 924
Depreciation – based on cost	(367 650)	(83 602)	(625 008)	(551 775)	(60 262)	(1 688 297)
Carrying value of disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Carrying values at 30 June 2009	9 655 075	1 392 866	17 130 638	2 730 667	251 789	31 161 035
Cost	10 605 646	1 556 184	18 108 950	4 903 985	361 569	35 536 334
Accumulated depreciation – cost	(950 570)	(163 318)	(978 312)	(2 173 318)	(109 780)	(4 375 298)

Carrying values at 1 July 2007	10 242 013	3 803 674	8 231 908	1 566 788	-	23 844 383
Cost	10 457 236	4 183 196	8 487 543	3 663 812	-	26 791 787
Accumulated depreciation – cost	(215 223)	(379 522)	(255 635)	(2 097 025)	-	(2 947 405)
Acquisitions	18 876	153 750	7 525 761	898 207	361 569	8 958 163
Fair value of asset	-	-	788 800	-	-	788 800
Capital under construction	-	-	-	-	-	-
Depreciation – based on cost	(367 697)	(282 704)	(97 669)	(572 711)	(49 518)	(1 370 299)
Carrying value of disposals	-	(3 504 109)	-	(85 587)	-	(3 589 696)
Cost	-	(4 086 619)	-	(1 133 780)	-	(5 220 399)
Accumulated depreciation	-	582 510	-	1 048 193	-	1 630 703
Carrying values at 30 June 2008	9 893 192	170 611	16 448 800	1 806 696	312 051	28 631 350
Cost	10 476 112	250 327	16 802 104	3 428 239	361 569	31 318 351
Accumulated depreciation – cost	(582 920)	(79 716)	(353 304)	(1 621 543)	(49 518)	(2 687 001)

Refer to Appendix A for more detail on property, plant and equipment, including those in the process of been constructed.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed.

Property which was previously shown as investment property but should have been recognised as Property plant and equipment as it does not meet the definition of investment property has been included as part of Property, plant and equipment and prior figures restated accordingly, refer to note 18.

2009

2008

7. FINANCIAL LIABILITIES**7.1 Finance Lease Liability**

Reconciliation between the total minimum lease payments and their present value

	Up to 1 year	1-5 years	Total
	R	R	R
2009			
Minimum lease payments	124 399	146 795	271 194
Finance cost	28 173	18 385	46 557
Present value	<u>96 226</u>	<u>128 410</u>	<u>224 636</u>
2008			
Minimum lease payments	124 399	271 194	395 592
Finance cost	41 907	46 557	88 465
Present value	<u>82 491</u>	<u>224 636</u>	<u>307 127</u>

The Nashua liability is secured by office equipment under a deemed finance lease with a carrying value of R173 158. The effective interest rate is 15.5% and is repayable in 60 equal instalments of R5 800 in arrears of which the first was paid in July 2007. The last instalment is payable during June 2012.

The Palesa liability is secured by office equipment under a deemed finance lease with a carrying value of R138 893. The effective interest rate is 15.5% and is repayable in 36 equal instalments of R5 368.56 in arrears of which the first was paid in July 2007. The last instalment is payable during November 2010.

8. TRADE AND OTHER PAYABLES

Trade Creditors	128 788	62 222
Other	1 500	1 500
Staff leave	1 034 225	397 707
Retention	1 229 530	1 156 235
	<u>2 394 042</u>	<u>1 617 664</u>

	2009	2008
10. INVESTMENT REVENUE		
EXTERNAL INVESTMENTS		
Current account	852 111	600 857
External investments	464 853	513 143
	<u>1 316 964</u>	<u>1 114 001</u>

11. GOVERNMENT SUBSIDIES & GRANTS

Operating Grants	22 326 750	17 367 012
Equitable share	20 291 061	15 945 639
Finance management grant (FMG)	480 211	500 000
SETA grant	-	11 250
Municipal systems improvement grant (MSIG)	782 504	623 874
Valuation roll grant	491 350	-
Ward Committees support grant	281 625	286 250
Capital Grants	2 386 237	6 691 929
Eskom Foundation	-	934 234
Municipal systems improvement grant (MSIG)	65 610	110 015
Municipal infrastructure grant (MIG)	2 320 627	5 647 681
Total Government Grants & Subsidies	<u>24 058 942</u>	<u>24 058 942</u>

Equitable Share

This grant is an unconditionally grant and is utilised for operating costs.

Finance Management Grant

Balance unspent at beginning of year	-	-
Current year receipts	500 000	500 000
Conditions met – transferred to revenue	(480 211)	(500 000)
Unspent amount transferred to liabilities	<u>19 789</u>	<u>-</u>
(see note 9)		

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Municipal Systems Improvement Grant

Balance unspent at beginning of year	312 738	318 252
Current year receipts	735 000	728 375
Conditions met – transferred to revenue	(848 113)	(733 889)
Unspent amount transferred to liabilities	<u>199 625</u>	<u>312 738</u>
(see note 9)		

This grant was used for the compilation of the valuation roll, ward committee support as well as IT support. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

11. GOVERNMENT SUBSIDIES & GRANTS (CONT)

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	1 740 565	3 461 767
Current year receipts	4 814 000	3 926 479
Conditions met – transferred to revenue	(2 320 627)	(5 647 681)
Unspent amount transferred to liabilities (see note 9)	<u>4 233 938</u>	<u>1 740 565</u>

This grant was used to construct the civic centre as well as for street lighting. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

LGSETA

Balance unspent at beginning of year	50 420	5 625
Current year receipts	-	56 045
Conditions met – transferred to revenue	-	(11 250)
Unspent amount transferred to liabilities (see note 9)	<u>50 420</u>	<u>50 420</u>

The grant was for learnerships. This grant was not utilised in the current financial year.

Eskom Foundation

Balance unspent at beginning of year	40 097	974 331
Current year receipts	-	-
Conditions met – transferred to revenue	-	(934 234)
Unspent amount transferred to liabilities	<u>40 097</u>	<u>40 097</u>

This grant was used to erect the Atock Thusang Service Centre (MPCC).

Sekhukhune District Grant (Ward Committee)

Balance unspent at beginning of year	34 000	27 750
Current year receipts	292 500	292 500
Conditions met – transferred to revenue	(281 625)	(286 250)
Unspent amount transferred to liabilities (see note 9)	<u>44 875</u>	<u>34 000</u>

This grant was used to pay stipends for ward committee members.

Valuation Roll Grant

This grant was given by Department of Local Government and Housing. The grant was utilised for the compilation of the valuation roll.

12. PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT

Atock Mine	-	466 783
Total donated property, plant & equipment	<u>-</u>	<u>466 783</u>

13. OTHER REVENUE

Sundry income	111 708	39 986
Tender documents	36 421	28 460
Database registration	24 316	22 079
Staff parking	5 258	4 900
Skills development refund	52 520	
	<u>230 223</u>	<u>95 425</u>

14. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and wages	8 915 984	5 453 591
Employee related costs - Social contributions	1 099 774	1 093 007
Travel, motor car, accomodation & other allowances	1 588 579	887 408
Overtime payments	12 492	21 654
	<u>11 616 828</u>	<u>7 455 659</u>

Municipal Manager

Annual Remuneraton	333 292	378 966
Performance and other bonuses	71 148	101 500
Travel, motor car, accomodation, subsistence and other allowances	92 550	2 176
Contributions to UIF, medical and pension funds	2 563	
Total	<u>499 554</u>	<u>482 642</u>

Chief Financial Officer

Annual Remuneraton	174 635	92 558
Performance and other bonuses	86 174	21 888
Travel, motor car, accomodation, subsistence and other allowances	51 714	5 612
Contributions to UIF, medical and pension funds	6 609	
Total	<u>319 132</u>	<u>120 058</u>

The CFO resigned in March 2009.

Manager Corporate

Annual Remuneraton	270 535	201 662
Performance and other bonuses	52 790	75 722
Travel, motor car, accomodation, subsistence and other allowances	89 887	3 810
Contributions to UIF, medical and pension funds	5 023	
Total	<u>418 236</u>	<u>281 194</u>

Manager Development and Planning

Annual Remuneraton	263 375	212 235
Performance and other bonuses	82 640	94 652
Travel, motor car, accomodation, subsistence and other allowances	96 752	1 465
Contributions to UIF, medical and pension funds	1 497	
Total	<u>444 264</u>	<u>308 352</u>

No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act during 2008.

15. REMUNERATION OF COUNCILLORS

Mayor	521 904	439 236
Speaker	425 415	354 240
Executive Committee members	870 241	693 063
Councillors	3 303 090	2 706 454
	<u>5 120 650</u>	<u>4 192 993</u>

The Mayor and Speaker are full time. Both are provided with office and secretarial support at the cost of Council.

The Mayor has use of a Council owned vehicle and driver for official duties.

16. FINANCE COSTS

Finance Lease Liability	41 907	-
	<u>41 907</u>	<u>-</u>

Finance costs are incurred from the rental of office equipment

17. GENERAL EXPENSES

Advertising	363 294	293 220
Special Projects	86 875	75 519
Audit fees	716 384	392 951
Grant expenditure	145 255	547 169
Consultant fees	76 401	318 866
Accommodation	658 621	554 817
Printing and stationery	460 229	154 351
Training	290 989	244 781
Other	5 811 820	4 583 549
	<u>8 609 868</u>	<u>7 165 223</u>

18. PRIOR PERIOD ERROR

During the year ended 30 June 2009 corrections were made and appropriated to the Accumulated Surplus Account. Details of the appropriations are as follows:

18.1 During the year ended 30 June 2008 Pin Boards to the value of R12,760 were previously expensed, and have been capitalised in the current financial year.

Increase in Accumulated Depreciation	<u>(305)</u>
Decrease in equity	<u>(305)</u>
Increase in Property, plant and equipment	<u>12 760</u>
Increase in equity	<u>12 760</u>
Increase in operating lease asset	<u>4 392</u>
Increase in equity	<u>4 392</u>
Adjustment against accumulated surplus at the beginning of year	<u>16 847</u>

18. CORRECTION OF ERROR (CONTD)

18.2 During the year ended 30 June 2008 Property, plant and equipment was erroneously disclosed as investment property

Decrease in Investment Property		(788 800)
Decrease in equity		<u>(788 800)</u>
Increase in Property, plant and equipment		788 800
Increase in equity		<u>788 800</u>
Adjustment against accumulated surplus at the beginning of year		<u><u>-</u></u>

19. CASH GENERATED FROM/(UTILISED IN) OPERATIONS

Net surplus for the year	(894 767)	2 773 968
Adjustment for:		
Depreciation charges	1 688 297	1 369 994
Loss on disposal of property, plant and equipment	-	3 589 697
Adjustment to operating lease asset	4 392	-
Interest received	(1 316 964)	(1 114 001)
Non-operating income	-	(788 800)
Operating surplus before working capital changes	<u>(519 042)</u>	<u>5 830 857</u>
(Increase)/decrease in inventories	99 751	(186 447)
(Increase)/decrease in other receivables	(589 270)	1 994 661
Increase/(decrease) in creditors	776 379	888 452
Increase/(decrease) in unspent conditional grants	2 410 924	(2 609 905)
Cash generated by operations	<u><u>2 178 742</u></u>	<u><u>5 917 618</u></u>

20. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for

Community assets	343 944	7 678 354
Infrastructure	962 369	-

This expenditure will be financed from

Government grants	<u><u>1 306 313</u></u>	<u><u>7 678 354</u></u>
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21. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003**Contribution to SALGA**

Council membership fees payable	51 781	51 208
Amount paid current year	(51 781)	-
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>51 208</u></u>

Audit Fees

Current year audit fee	716 384	392 951
Amount paid current year	(716 384)	(392 951)
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>

21. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003

VAT

VAT input receivables and VAT output receivables are shown in **note**. All VAT returns have been submitted by the due date throughout the year.

Pay as You Earn (PAYE)

Current payroll deductions	1 865 310	1 744 327
Amount paid current year	<u>(1 865 310)</u>	<u>(1 744 327)</u>
Balance unpaid	<u><u>-</u></u>	<u><u>-</u></u>

Unemployment Insurance Fund (UIF)

Current payroll deductions	104 965	93 883
Amount paid current year	<u>(104 965)</u>	<u>(93 883)</u>
Balance unpaid	<u><u>-</u></u>	<u><u>-</u></u>

Medical Aid

Current payroll deductions	410 751	383 554
Amount paid current year	<u>(410 751)</u>	<u>(383 554)</u>
Balance unpaid	<u><u>-</u></u>	<u><u>-</u></u>

Pension Fund

Current payroll deductions	1 127 573	1 638 056
Amount paid current year	<u>(1 127 573)</u>	<u>(1 638 056)</u>
Balance unpaid	<u><u>-</u></u>	<u><u>-</u></u>

22. CONTINGENT LIABILITIES

A dispute by E. Baleni has been raised against the municipality to the value of R2,500,000 with regard to property valuation against the municipality. The matter is to go to court

23. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Reconciliation of irregular expenditure

Opening Balance	36 000	-
Irregular expenditure current year	-	36 000
Condoned or written off by Council	<u>(36 000)</u>	<u>-</u>
Irregular expenditure awaiting condonement	<u><u>-</u></u>	<u><u>36 000</u></u>

Expenditure of R36,000 refers to the payment of allowances to the Magoshi which is a contravention of section 81(5) of the Structures Act.

The expenditure for payments to the Magoshi was condoned by council.

APPENDIX A
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
BUILDINGS	10 476 112	129 534			10 605 646	582 920	367 650		950 570	9 655 075
INFRASTRUCTURE	250 327	194 631	1 111 225	-	1 556 183	79 716	83 602	-	163 318	1 392 866
Roads, pavements, bridges & stormwater	19 036		1 111 225		1 130 261	3 812	1 904		5 716	1 124 545
Water reservoirs & reticulation	-				-					-
Electricity reticulation	-				-					-
Security measures (including fencing)	231 291	194 631			425 922	75 904	81 698		157 602	268 320
COMMUNITY ASSETS	16 802 104	24 148	1 282 698	-	18 108 950	353 304	625 008	-	978 312	17 130 638
Community halls	13 892 204		1 282 698		15 174 902	353 304	431 015		784 319	14 390 583
Buildings	2 909 900				2 909 900		193 993		193 993	2 715 907
Libraries										
Recreational facilities										
Other (fire services & cemeteries)		24 148			24 148					24 148
OTHER ASSETS	3 428 240	1 475 746	-	-	4 903 986	1 621 544	551 775	-	2 173 319	2 730 667
Other motor vehicles	1 126 226				1 126 226	614 553	172 813		787 366	338 860
Plant & equipment	47 665				47 665	41 550	2 954		44 504	3 161
Office equipment	1 222 293	915 549			2 137 842	587 607	227 380		814 987	1 322 855
Furniture & fittings	1 032 056	511 017			1 543 073	377 834	143 237		521 071	1 022 002
Bins and containers		49 180			49 180		5 390		5 390	43 790
FINANCE LEASE	361 569	-	-	-	361 569	49 518	60 262	-	109 780	251 789
Office Equipment	361 569				361 569	49 518	60 262		109 780	251 789
TOTAL	31 318 352	1 824 059	2 393 923	-	35 536 334	2 687 002	1 688 297	-	4 375 299	31 161 035

APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009

	HISTORICAL COST					ACCUMULATED DEPRECIATION				
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/Transfers	Disposals	Closing Balance	Carrying Value
	R	R		R	R	R	R	R	R	R
EXECUTIVE COUNCIL	28 302 103	335 358	-	-	28 637 461	2 204 718	1 481 837	-	3 686 555	24 950 906
Corporate Service	28 181 290	309 026	-	-	28 490 316	2 142 960	1 460 847	-	3 603 807	24 886 509
Municipal Manager Office	120 813	26 332	-	-	147 145	61 758	20 990	-	82 748	64 397
FINANCE & ADMINISTRATION	325 190	57 850	-	-	383 040	183 285	51 850	-	235 135	147 905
Finance	325 190	57 850	-	-	383 040	183 285	51 850	-	235 135	147 905
PLANNING & DEVELOPMENT	2 691 059	1 430 849	2 393 923	-	6 515 831	298 998	154 610	-	453 607	6 062 224
Planning & development	2 691 059	1 430 849	2 393 923	-	6 515 831	298 998	154 610	-	453 607	6 062 224
TOTAL	31 318 352	1 824 057	2 393 923	-	35 536 332	2 687 001	1 688 297	-	4 375 298	31 161 035

APPENDIX C
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Actual Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)
R	R	R		R	R	R
26 610 041	15 118 193	11 491 848	EXECUTIVE COUNCIL	26 472 139	18 744 288	7 727 851
26 610 041	13 927 802	12 682 239	Corporate Service	26 472 139	16 539 959	9 932 180
	1 190 391	(1 190 391)	Municipal Manager Office	-	2 204 329	(2 204 329)
-	3 606 900	(3 606 900)	FINANCE & ADMINISTRATION	-	4 328 215	(4 328 215)
-	3 606 900	(3 606 900)	Finance	-	4 328 215	(4 328 215)
	5 110 980	(5 110 980)	PLANNING & DEVELOPMENT		4 294 401	(4 294 401)
-	5 110 980	(5 110 980)	Planning & development	-	4 294 401	(4 294 401)
<u>26 610 041</u>	<u>23 836 073</u>	<u>2 773 968</u>	Total	<u>26 472 139</u>	<u>27 366 905</u>	<u>(894 766)</u>

APPENDIX D (1)
ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Rental of facilities and equipment	126 887	166 000	(39 113)	(23.56)	Over budgeting
Investment Revenue – external investments	1 316 964	1 450 000	(133 036)	(9.17)	
Licenses and permits	85 077	50 000	35 077		
Government grants and subsidies received - operating	22 326 750	22 677 916	(351 166)	(1.55)	
Government grants and subsidies received - capital	2 386 237	8 274 000	(5 887 763)	(71.16)	Underspending of capital budget
Other revenue	230 223	234 000	(3 777)	(1.61)	Under collection
Total Revenue	26 472 139	32 851 916	(6 379 777)	(19.42)	
EXPENDITURE					
Employee related costs	11 616 828	10 908 847	707 981	6.49	
Remuneration of councillors	5 120 650	5 105 504	15 146	0.30	
Depreciation	1 688 297	650 000	1 038 297		
Repairs and maintenance	289 356	390 000	(100 644)	(25.81)	Underspending
General expenses	8 609 868	12 622 625	(4 012 757)	(31.79)	Underspending
Finance cost	41 907	240 000	(198 093)	(82.54)	Recognition of finance leases
Total Expenditure	27 366 906	29 916 976	(2 550 070)	(8.52)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(894 767)	2 934 940	(3 829 707)	(130.49)	

APPENDIX D(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Under</u> <u>Construction</u>	<u>2009</u> <u>Revaluation</u>	<u>2009</u> <u>Total</u> <u>Additions</u>	<u>2009</u> <u>Budget</u>	<u>2009</u> <u>Variance</u>	<u>2009</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R		R	R	R	%	
Buildings	129 534	-	-	129 534	275 000	(145 466)	(52.90)	Savings on completed projects
Infrastructure	194 631	1 111 225	-	1 305 856	2 000 300	(694 444)	(34.72)	Assets under construction
Community Assets	24 148	1 282 698	-	1 306 846	1 804 000	(497 154)	(27.56)	Assets under construction
Other Assets	1 475 746	-	-	1 475 746	1 661 000	(185 254)	(11.15)	Underpending on movable assets
TOTAL	1 824 059	2 393 923	-	4 217 982	5 740 300	(1 522 318)	(26.52)	

