

UKHAHLAMBA DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 JUNE 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 48 , 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 19 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.

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Municipal Manager

9 October 2008

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Date

**UKHAHLAMBA DISTRICT MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2008**

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**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008**

	Note	2008 R	2007 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		317,769,362	188,721,274
Capital replacement reserve	1	-	-
Capitalisation reserve	1	118,577	122,635
Government grant reserve	1	256,398,836	147,545,326
Accumulated Surplus/(Deficit)		61,251,948	41,053,313
<b>Non-current liabilities</b>		7,941,148	8,431,399
Long-term liabilities	2	7,941,148	8,431,399
Non-current provisions	3	-	-
<b>Current liabilities</b>		76,912,921	75,408,507
Provisions	4	0	0
Trade Payables	5	34,579,401	54,203,615
Unspent conditional grants and receipts	6	38,135,322	10,958,524
VAT	7	-	-
Cash and Cash Equivalents - Liabilities	14	3,775,468	8,586,450
Current portion of long-term liabilities	2	422,729	1,659,919
<b>Total Net Assets and Liabilities</b>		<u>402,623,431</u>	<u>272,561,180</u>
<b>ASSETS</b>			
<b>Non-current assets</b>		284,500,734	178,797,379
Property, plant and equipment	8	283,492,016	177,225,122
Non-current investments	9	579,853	-
Intangible Assets	10	428,865	1,550,040
Long-term receivables	11	-	22,217
<b>Current assets</b>		118,122,697	93,763,800
Inventory	12	841,574	594,923
Other Receivables from Non-Exchange Transactions	13	38,851,250	53,095,541
Unpaid Conditional Grants	6	4,871,943	1,798,835
VAT	7	16,600,195	14,555,971
Current portion of long-term receivables	11	169,667	286,658
Cash and Cash Equivalents - Assets	14	56,788,068	23,431,874
<b>Total Assets</b>		<u>402,623,431</u>	<u>272,561,180</u>

**UKHAHLAMBA DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
<b>REVENUE</b>			
Service charges	17(b)	-	12,348,692
Rental of facilities and equipment		18,816	11,056
Interest earned - external investments		4,234,645	1,579,698
Interest earned - outstanding debtors		3,159	204,253
Fines		164,580	182,174
Government grants and subsidies	16	293,857,248	192,578,651
Other income	17(a)	6,435,789	36,937,104
<b>Total Revenue</b>		<u>304,714,238</u>	<u>243,841,627</u>
<b>EXPENDITURE</b>			
Employee related costs	18	49,222,186	61,706,805
Remuneration of Councillors	19	3,157,238	3,117,489
Bad debts		5,015,645	393,280
Depreciation and Amortisation		12,579,878	4,053,051
Repairs and maintenance		17,958,180	37,595,005
Interest paid	20	1,687,839	1,704,351
Bulk purchases	21	-	66,780
Contracted services		30,062,045	527,657
Grants and subsidies paid	22	-	109,482,717
Operating Grants utilised		39,977,525	-
General expenses	23	16,278,072	35,605,943
Small Assets purchased		-	54,998
<b>Total Expenditure</b>		<u>175,938,609</u>	<u>254,308,076</u>
<b>SURPLUS/(DEFICIT)</b>		128,775,629	-10,466,448
Surplus on sale of Property, Plant and Equipment		272,459	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>129,048,088</u>	<u>-10,466,448</u>
<b>Refer to Appendix E(1) for the comparison with the approved budget</b>			

**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008**

	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R
<b>Balance at 30 JUNE 2006</b>	-	290,203	466,514	-8,624,554	-7,867,836
<b>2007</b>					
Balance at 30 JUNE 2006	-	290,203	466,514	-8,624,554	-7,867,836
Correction of error - Note 26.2	-	-	-	35,679,900	35,679,900
<b>Restated balance</b>	-	290,203	466,514	27,055,347	27,812,064
Net surplus/(deficit) for the year	-	-	-	-10,466,448	-10,466,448
Prior year adjustments - 2007 financial statements	-	-162,431	27,738,684	12,462,615	40,038,868
Capital grants used to purchase PPE	-	-	19,547,429	-19,547,429	-
Offsetting of depreciation	-	-12,138	-2,593,962	2,606,100	-
<b>Balance at 30 JUNE 2007</b>	-	115,634	45,158,666	12,110,185	57,384,484
<b>2008</b>					
Change in Accounting Policy - Note 25.3	-	-	102,386,660	16,803,046	119,189,706
Correction of error - Notes 26.2 and 26.7	-	7,000	-	12,140,083	12,147,083
<b>Restated balance</b>	-	122,635	147,545,326	41,053,313	188,721,274
Net surplus/(deficit) for the year	-	-	-	129,048,088	129,048,088
Capital grants used to purchase PPE	-	-	117,787,757	-117,787,757	-
Offsetting of depreciation	-	-4,057	-8,934,247	8,938,304	-
<b>Balance at 30 JUNE 2008</b>	-	118,577	256,398,836	61,251,948	317,769,362

**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from/(utilised in) operations	28	155,241,593	13,366,848
Interest received		4,234,645	1,783,951
Interest paid		-1,687,839	-1,704,351
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>157,788,399</b>	<b>13,446,448</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	8	-117,790,915	-19,687,176
(Increase)/decrease in long-term receivables	11	139,208	99,108
(Increase)/decrease in non-current investments	9	-579,853	-
Proceeds on disposal of fixed assets		337,777	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>-117,893,783</b>	<b>-19,588,068</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)	2	-1,727,441	-125,578
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>-1,727,441</b>	<b>-125,578</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>38,167,175</b>	<b>-6,267,197</b>
Cash and cash equivalents at the beginning of the year	29	14,845,425	21,112,621
Cash and cash equivalents at the end of the year	29	53,012,599	14,845,425
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>38,167,175</b>	<b>-6,267,197</b>

**Ukhahlamba District Municipality  
Notes to the Financial Statements 2008**

	2008 R	2007 R
<b>1 NETT ASSET RESERVES</b>		
RESERVES	256,517,414	147,667,961
Capital Replacement Reserve	-	-
Capitalisation Reserve	118,577	122,635
Government Grant Reserve	256,398,836	147,545,326
Sub-total	256,517,414	147,667,961
<b>Total Nett Asset Reserve Assets and Liabilities</b>	<b>256,517,414</b>	<b>147,667,961</b>

<b>2 LONG-TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	8,268,042	9,547,202
Restatement - New loan transferred from Senqu Municipality - Note 26.5	-	384,799
Restatement - Incorrect loan schedule from DBSA - Note 26.5	-	90
	8,268,042	9,932,091
Restatement - Capitalised Lease Liability - At amortised cost - Note 26.5	95,836	159,227
Total Long-term Liabilities - At amortised cost (excluding Short-term)	8,363,877	10,091,318
Less : Current portion transferred to current liabilities	(422,729)	(1,659,919)
Annuity Loans	(342,269)	(1,596,528)
Lease Liabilities	(80,460)	(63,391)
<b>Total Long-term Liabilities - At amortised cost</b>	<b>7,941,148</b>	<b>8,431,399</b>

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice**

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

- Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

The obligations under finance leases are scheduled below:

	Minimum lease payments	
	2008	2007
Amounts payable under finance leases:		
Payable within one year	95,040	95,040
Payable within two to five years	15,840	110,880
	110,880	205,920
Less: Future finance obligations	(15,044)	(46,693)
<b>Present value of lease obligations</b>	<b>95,836</b>	<b>159,227</b>
Less: Amounts due for settlement within 12 months	(80,460)	(63,391)
<b>Amount due for settlement after 12 months</b>	<b>15,376</b>	<b>95,836</b>

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.

Assets with a net book value of R119 430 (2007: R64 308) serves as security for the leases.

<b>3 NON-CURRENT PROVISIONS</b>		
Medical/Retirement Fund	-	-
Long-service	-	-
<b>Total Non-Current Provisions</b>	<b>-</b>	<b>-</b>

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007, and specifically paragraph 3(2)b of the notice**

- Employee benefits: Exempted compliance with AC 116 (Employee benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (paragraphs 29, 48 - 119 and 120A(c) - (q))

<b>4 PROVISIONS</b>		
Performance Bonuses	-	-
<b>Total Provisions</b>	<b>-</b>	<b>-</b>

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

	Performance Bonuses	Total Provisions
<b>30 June 2008</b>		
Balance at beginning of year	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>
<b>30 June 2007</b>		
Balance at beginning of year	-	-
Transfer from non-current	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

No performance bonuses were paid in the current period in respect of the prior period.

**Ukhahlamba District Municipality  
Notes to the Financial Statements 2008**

5	<b>TRADE PAYABLES</b> <i>(Previously "Creditors")</i>	<b>2,008</b> R	<b>2,007</b> R
	<b>Sundry Payables</b>		
	Trade creditors	13,883,521	560
	Payments received in advance	9,767,861	9,920,880
	Suspense Accounts - Credits	103,797	1,373,927
	Correction of error - Maletswai Municipality services - Note 26.8	-	3,332,344
	Sundry Creditors	6,529,206	37,709,611
	DBSA Loan - Interest Accrued	225,512	-
		<b>30,509,897</b>	<b>52,337,322</b>
	<b>Employee Benefit Liabilities</b>		
	Salary Control Accounts	1,356	-
	Staff Leave	4,068,148	1,866,293
	<b>Total Trade Payables</b>	<b>34,579,401</b>	<b>54,203,615</b>
	Payables being paid within 30 days are being recognised net of discounts.		
	<b>The amount for Sundry Creditors consist of the following:</b>		
	Vat - Debtors	-	138,860
	Unknown deposits directly in bank	27,688	-
	Salaries - Prior Years	351,741	-
	Sanitation Gariiep 2004 - 2005	182,874	183,374
	Water Elundini 2004 - 2005	420,716	420,716
	Water Gariiep 2004 - 2005	193,787	193,787
	Sanitation Elundini 2005 - 2006	-	1,470,113
	Water Elundini 2005 - 2006	-	1,994,811
	Sanitation Elundini 2006 - 2007	-	1,544,114
	Sanitation Gariiep 2006 - 2007	-	2,614,590
	Sanitation Maletswai 2006 - 2007	-	1,186,405
	Sanitation Senqu 2006 - 2007	-	1,841,595
	Water Elundini 2006 - 2007	-	1,339,763
	Water Maletswai 2006 - 2007	-	861,122
	Water Senqu 2006 - 2007	-	3,966,237
	Year End Accruals Order Payments	-	151,241
	Year End Accruals Sundry Payments	-	2,450,483
	Year End Accruals Bloem Water	5,352,400	17,352,400
	<b>TOTAL</b>	<b>6,529,206</b>	<b>37,709,611</b>
6	<b>CONDITIONAL GRANTS AND RECEIPTS</b>		
	<b>Conditional Grants from other spheres of Government</b>		
	Unspent Conditional Grants and Receipts	38,135,322	10,958,524
	Unspent Conditional Public Contributions	-	-
	Total Unspent	<b>38,135,322</b>	<b>10,958,524</b>
	Less: Unpaid Conditional Grants & Receipts	4,871,943	1,798,835
	<b>Total Conditional Grants and Receipts</b>	<b>33,263,379</b>	<b>9,159,689</b>
	See appendix "F" for reconciliation of grants from other spheres of government. These amounts are invested until utilised and approximate its carrying value. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
7	<b>VAT</b>		
	VAT payable	-	-
	<b>VAT payable</b>	-	-
	<b>VAT receivable</b>	<b>16,600,195</b>	<b>14,555,971</b>
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		



**Ukhahlamba District Municipality  
Notes to the Financial Statements 2008**

		2008 R	2007 R
9	<b>NON-CURRENT INVESTMENTS</b>		
	<b>Net Carrying amount at 30 June</b>	<b>579,853</b>	-
	The non-current investments serves as collateral security for staff housing loans and the DBSA Building Loan		
10	<b>INTANGIBLE ASSETS</b>		
	<b>Cost</b>		
	<b>Balance 1 July 2007</b>	3,354,336	3,354,336
	Correction of error - Not previously recognised - At cost - Note 26.3	3,354,336	-
	Acquisitions for the year - At cost	-	3,354,336
		-	-
	<b>Less: Accumulated Amortisation</b>		
	<b>Balance 1 July 2007</b>	(2,925,471)	(1,804,296)
	Correction of error - Not previously recognised - Accumulated amortisation - Note 26.3	(1,804,296)	-
	Amortisation for the year	(1,121,175)	(1,804,296)
	<b>Total Intangible Assets</b>	<b>428,865</b>	<b>1,550,040</b>
	The Municipality did not recognise intangible assets in the past and expensed it when purchased. A document management system was purchased during 2005 and subsequently amortised. Management believes the current carrying value equals the approximate useful service value of the asset.		
	The cost and accumulated amortisation were restated for the 2007 financial year.- Note 26.3. Amortisation is included in depreciation in the Statement of Financial Performance		
	<b>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.</b>		
	• Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.		
11	<b>LONG-TERM RECEIVABLES</b>		
	Staff Car Loans - At amortised cost	169,667	308,875
		<b>169,667</b>	<b>308,875</b>
	<b>Less : Current portion transferred to current receivables</b>	<b>169,667</b>	<b>286,658</b>
	Staff Car Loans	169,667	286,658
		-	-
	<b>Less: Provision for Bad Debts</b>	-	-
	<b>Total Long-term receivables</b>	-	<b>22,217</b>
	<b>VEHICLE LOANS</b>		
	Vehicle loans are not granted to officials of the municipality since 1 July 2004. The outstanding amount relates to prior years and is still collectable. Senior staff were entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2010.		
	<b>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice</b>		
	• Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]		
	• Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.		
	The outstanding vehicle loan of the former Municipal Manager is being recovered by the municipality's legal representatives. The former Municipal Manager accepted liability for the amount and confirmed in writing the willingness to redeem the loan		
12	<b>INVENTORY</b>		
	Consumable stores – at cost	841,575	594,923
	<b>Total Inventory</b>	<b>841,575</b>	<b>594,923</b>
	<b>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)b of the notice</b>		
	• Inventories: The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17. The entire standard to the extent that it relates to water stock that was not purchased by the municipality.		
13	<b>OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b> <i>(Transferred from "Other Debtors")</i>		
	Suspense account debits	650,251	306,934
	Sundry Debtors	46,035	4,623,138
	Water Service providers	5,678,825	-
	Deposits	6,083	6,083
	Correction of error - RSC Levies - Note 26.1	-	61,446
	Correction of error - Roads Subsidies - Note 26.1	31,109,852	31,109,852
	Correction of error - Health Subsidies - Note 26.1	4,512,058	4,512,058
	Correction of Water- and Sanitation service providers' balances after investigation- Note 26.1	-	8,037,118
	Irregular expenditure - Double payments to Sintec - Note 31.3 and Note 26.1	855,509	855,509
	Current debtors	30,397,168	32,972,288
		73,255,780	82,484,426
	<b>Less : Provision for bad debts</b>	<b>-34,404,530</b>	<b>-29,388,885</b>
	<b>Total</b>	<b>38,851,250</b>	<b>53,095,541</b>
	Other receivables accounts from non-exchange transactions accounts written off during the year:	-	-
	The subsidy reversals for roads and health refers to amounts written off in 2005/2006 but all indications are that it will now be received.		
	The fair value of other receivables from non-exchange transactions approximate their carrying value.		
	<b>RISK - Substantial provision for bad debts is provided due to uncertain recovery and follow-up procedures..</b>		
	The provision for doubtful debts on other receivables from non-exchange transactions exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.		

**Ukhahlamba District Municipality  
Notes to the Financial Statements 2008**

14	<b>CASH AND CASH EQUIVALENTS</b>	<b>2,008</b>	<b>2,007</b>
		<b>R</b>	<b>R</b>
	<b>Assets</b>		
	Call Investment Deposits	56,787,768	17,850,697
	Correction of error - Note 26.6	-	5,580,877
	Primary Bank Account (Cashbook balance)	-	-
	Cash Floats	300	300
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>56,788,068</b>	<b>23,431,874</b>
	<b>Liabilities</b>		
	Primary Bank Account (Overdraft cashbook balance)	-3,775,468	-8,586,450
	<b>Total Cash and Cash Equivalents - Liabilities</b>	<b>-3,775,468</b>	<b>-8,586,450</b>
	Total deposits are ring fenced in order to finance Unspent Conditional Grants and Receipts of R 38 135 322.		
	The effective interest rate for call investment deposits were 10.2% (2007: 6.5%).		
	The effective interest rate for the primary bank account was 0.3% (2007: 0.3%).		
	The Municipality has the following bank account: -		
	<b>Current Account (Primary Bank Account)</b>		
	ABSA - Account Number 238 00000 19 (Primary Account)		
	ABSA - Account Number 4050 457 691		
	Cash book balance at beginning of year – overdrawn	-8,586,450	-7,244,940
	Cash book balance at end of year - overdrawn	<b>-3,775,468</b>	<b>-8,586,450</b>
	Bank statement balance at beginning of year - (overdrawn)	1,987,368	2,108,798
	Bank statement balance at end of year - (overdrawn)	<b>2,293,458</b>	<b>1,987,368</b>
15	<b>SERVICE CHARGES</b>		
	<i>Transferred from Other Income - Note 17</i>		
	<b>Water</b>		7,487,756
	Service charges	-	7,487,756
	Less: Rebates	-	-
	<b>Sewerage and Sanitation Charges</b>		4,860,936
	Service charges	-	4,860,936
	Less: Rebates	-	-
	<b>Total Service Charges</b>	<b>-</b>	<b>12,348,692</b>
	The service charges for the prior year relates to the recognition of full revenue and expenditure of line-items incurred by the local municipalities for water and sanitation functions as agent for the municipality in delivering the services. This treatment was incorrect but not restated due to the vast amount of restatements to be done. In the current year only the contracted costs are reflected in the Statement of Financial Performance.		
	<i>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice</i>		
	• Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]		
16	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	<b>Total Government Grant and Subsidies</b>	<b>293,857,248</b>	<b>192,578,651</b>
	<b>16.1 Equitable Share</b>		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
	<i>(See Appendix "F" for a reconciliation of all grants).</i>		
17	<b>OTHER INCOME</b>		
	<b>(a) OTHER INCOME</b>		
	Plant Charges and Stores Handling	5,786,491	4,405,000
	Other income	626,578	32,532,104
	Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 35)	-	-
	<b>Total Other Income</b>	<b>6,413,069</b>	<b>36,937,104</b>
	<b>(b) SERVICE CHARGES</b>		
	Sanitation	-	4,835,578
	Sewerage Blockage	-	25,358
	Water Connections	-	9,030
	Water Consumption	-	7,459,472
	Water Furrows	-	1,103
	Water Reconnections	-	18,151
		<b>-</b>	<b>12,348,692</b>
	<i>Transferred to Service Charges - Note 15</i>	<b>-</b>	<b>(12,348,692)</b>
	<b>Total Other Income</b>	<b>6,413,069</b>	<b>36,937,104</b>
	The service charges for the prior year relates to the recognition of full revenue and expenditure of line-items incurred by the local municipalities for water and sanitation functions as agent for the municipality in delivering the services. This treatment was incorrect but not restated due to the vast amount of restatements to be done. In the current year only the contracted costs are reflected in the Statement of Financial Performance.		
	<i>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice</i>		
	• Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]		

**Ukhahlamba District Municipality  
Notes to the Financial Statements 2008**

<b>18</b>	<b>EMPLOYEE RELATED COSTS</b>	<b>2,008</b>	<b>2,007</b>
		<b>R</b>	<b>R</b>
	<b>EMPLOYEE RELATED COSTS</b>		
	Employee related costs - Salaries and Wages and Allowances	41,033,808	53,164,969
	Employee related costs - Social contributions	8,018,019	8,252,156
	Overtime	735,181	289,680
	<b>Total Employee Related Costs</b>	<b><u>49,847,008</u></b>	<b><u>61,706,805</u></b>
	The Municipal Manger and Directors are appointed on a 5-year fixed contracts . There are no post-employment or termination benefits payable to them at the end of the contract period.		
	<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
	<i>Remuneration of the Municipal Manager</i>		
	Annual Remuneration	903,947	576,000
	Performance Bonuses	-	44,000
	Social Contributions	79,596	260,040
	<b>Total</b>	<b><u>983,543</u></b>	<b><u>880,040</u></b>
	<i>Remuneration of Chief Financial Officer (10 months)</i>		
	Annual Remuneration - All inclusive package	575,963	493,968
	Performance Bonuses	-	41,164
	Social Contributions	83,380	79,378
	<b>Total</b>	<b><u>659,343</u></b>	<b><u>614,510</u></b>
	<i>Remuneration of Individual Executive Directors</i>		
	<b>2008</b>	<b>Technical Services</b>	<b>Corporate Services</b>
		<b>R</b>	<b>R</b>
	Annual Remuneration	743,610	754,561
	Performance Bonuses	-	772,287
	Social Contributions	86,815	36,010
	<b>Total</b>	<b><u>830,425</u></b>	<b><u>790,571</u></b>
	<b>2007</b>	<b>Technical Services</b>	<b>Corporate Services</b>
		<b>R</b>	<b>R</b>
	Annual Remuneration	425,758	478,715
	Performance Bonuses	35,480	39,893
	Car Allowance	170,220	145,440
	Social Contributions	116,576	83,986
	<b>Total</b>	<b><u>748,034</u></b>	<b><u>748,034</u></b>
	<b>19</b>		
	<b>REMUNERATION OF COUNCILLORS</b>		
	Executive Mayor	524,271	451,352
	Councillors	2,325,925	2,522,009
	Councillors' pension contribution & Medical Aid	307,042	144,128
	<b>Total Councillors' Remuneration</b>	<b><u>3,157,238</u></b>	<b><u>3,117,489</u></b>
	<i>In-kind Benefits</i>		
	The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor rents a Council house at a below market related rental.		
	I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 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.		
	Z A Williams Municipal Manager		
	<b>20</b>		
	<b>BAD DEBT PROVISION</b>		
	<b>Reconciliation of Provision for Bad Debts</b>		
	<b>Balance 1 July</b>	<b>29,388,885</b>	<b>29,388,885</b>
	Contribution / (Reversal) to provision	5,015,645	-
	<b>Balance at end of year</b>	<b><u>34,404,530</u></b>	<b><u>29,388,885</u></b>
	<b>21</b>		
	<b>INTEREST PAID</b>	<b>R</b>	<b>R</b>
	Long-term liabilities	1,656,191	1,704,351
	Finance leases	31,648	-
	<b>Total Interest on External Borrowings</b>	<b><u>1,687,839</u></b>	<b><u>1,704,351</u></b>
	<b>22</b>		
	<b>BULK PURCHASES</b>		
	Water	-	66,780
	<b>Total Bulk Purchases</b>	<b><u>-</u></b>	<b><u>66,780</u></b>
	<b>23</b>		
	<b>OPERATING GRANTS UTILISED</b>	<b><u>39,977,525</u></b>	<b><u>109,482,717</u></b>
	<i>(Transferred from "Grants and Subsidies Paid" for the prior year)</i>		
	Operating grants utilised includes operating expenditure from grants not directly related to other expenditure classifications		
	<b>GENERAL EXPENSES</b>	<b><u>16,278,072</u></b>	<b><u>35,605,943</u></b>
	General expenses includes travelling and subsistence, communication, fuel and oil, insurance and audit fees		

**Ukhahlamba District Municipality**  
**Notes to the Financial Statements 2008**

25	<b>CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GAMAP/GRAP</b>	<b>2008</b>	<b>2007</b>
		<b>R</b>	<b>R</b>
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -		
<b>25.1</b>	<b>Property, plant and equipment - GAMAP 17</b>		
	Balance previously reported	-	80,003,475
	Implementation of GAMAP 17.86		
	Property, Plant and Equipment (Cost) previously not recognised credited to Accumulated Surplus - Note 25.3	-	140,356,576
	<b>Total</b>	<u>-</u>	<u>220,360,050</u>
<b>25.2</b>	<b>Accumulated Depreciation - GAMAP 17</b>		
	Balance previously reported	-	21,964,602
	Implementation of GAMAP 17.86		
	Property, Plant and Equipment (Depreciation) previously not recognised debited to Accumulated Surplus - Note 25.3	-	21,166,869
	<b>Total</b>	<u>0</u>	<u>43,131,472</u>
<b>25.3</b>	<b>Accumulated Surplus/(Deficit)</b>		
	Implementation of GAMAP		
	Property, Plant and Equipment previously not recognised credited to Accumulated Surplus - Note 25.1	-	140,356,576
	Backlog depreciation - Note 25.2	-	-21,166,869
	Less: Property, Plant and Equipment funded by Government Grants - Note 25.4	-	-102,386,660
	<b>Total</b>	<u>-</u>	<u>16,803,046</u>
<b>25.4</b>	<b>Government Grant Reserve</b>		
	Balance previously reported	-	45,158,666
	Property, Plant and Equipment previously not recognised credited to Government Grant Reserve - Notes 25.1 and 25.2	-	102,386,660
	<b>Total</b>	<u>-</u>	<u>147,545,326</u>
<b>26</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
<b>26.1</b>	<b>Other Receivables from non-exchange transactions</b>		
	Balance previously reported	-	61,446
	Regional Services Council levies restated to the due date of 30 June 2006 and now received - Note 26.2 and Note 13	-	31,109,852
	Reversal of amounts due in 2005/2006 written off - Roads - Notes 26.2 and 13	-	4,512,058
	Reversal of amounts due in 2005/2006 written off - Health - Notes 26.2 and 13	-	855,509
	Correction of Water- and Sanitation service providers' balances after investigation - Sintec - Note 26.2 and Note 13	-	8,037,118
	Correction of Water- and Sanitation service providers' balances after investigation- Note 26.2 and Note 13	-	44,575,983
	<b>Restated balance 30 June 2006</b>	<u>-</u>	<u>44,575,983</u>
	<b>Total effect of restatements</b>	<u>-</u>	<u>44,575,983</u>
<b>26.2</b>	<b>Accumulated Surplus</b>		
	2006		
	Regional Services Council levies restated to the due date of 30 June 2006 and now received - Note 26.1	-	61,446
	Depreciation of PPE not previously recognised due to program fault - Note 26.4	-	(3,456)
	Reversal of amounts due in 2005/2006 written off - Roads - Notes 13	-	31,109,852
	Reversal of amounts due in 2005/2006 written off - Health - Notes 13	-	4,512,058
	<b>Restatement 2006</b>	<u>-</u>	<u>35,679,900</u>
	2007		
	Adjustment to non-current liabilities - Note 26.5	-	(544,116)
	Reversal of receipts for cash in transitio.- Note 26.6	-	(89,066)
	Correction of Water- and Sanitation service providers' balances after investigation- Note 26.1	-	8,037,118
	Correction of Water- and Sanitation service providers' balances after investigation- Note 26.8	-	(3,332,344)
	Correction of Water- and Sanitation service providers' balances after investigation- Note 26.1	-	855,509
	Intangible Assets not previously recognised - Note 26.3	-	1,550,040
	Under statement of investments in prior year- Note 26.6	-	5,669,942
	Adjustment in Capitalisation Reserve credited to Accumulated Surplus - Understated 2007 - Note 26.7	-	(7,000)
	<b>Restatement 2007</b>	<u>-</u>	<u>12,140,083</u>
<b>26.3</b>	<b>Intangible Assets</b>		
	Balance previously reported	-	-
	Intangible Assets not previously recognised - Note 10 and Note 26.2	-	1,550,040
	<b>Total</b>	<u>-</u>	<u>1,550,040</u>
<b>26.4</b>	<b>Accumulated Depreciation</b>		
	2006		
	Depreciation of PPE not previously recognised due to program fault - Note 26.2	-	3,456
	<b>Restatement 2006</b>	<u>-</u>	<u>3,456</u>
<b>26.5</b>	<b>Long-term Liabilities</b>		
	Balance previously reported	-	-
	Incorrect payment due to incorrect DBSA loan schedule reversed - Note 2	-	(90)
	New loan transferred from Senqu Municipality for Sanitation function transferred	-	(384,799)
	Leased liability not previously disclosed transferred from Accumulated Surplus - Note 26.2	-	(159,227)
	<b>Total</b>	<u>-</u>	<u>(544,116)</u>
<b>26.6</b>	<b>Cash and Cash equivalents</b>		
	Balance previously reported	-	17,850,997
	Reversal of receipts for cash in transitio.- Note 26.2	-	(89,066)
	Under statement of short-term investments in prior year.- Note 26.2	-	5,669,942
	<b>Total</b>	<u>-</u>	<u>23,431,874</u>
<b>26.7</b>	<b>Capitalisation Reserve</b>		
	Balance previously reported	-	115,634
	Adjustment charged to Accumulated Surplus due understatement in 2007 - Note 26.2	-	7,000
	<b>Total</b>	<u>-</u>	<u>122,635</u>
<b>26.8</b>	<b>Trade Payables</b>		
	Balance previously reported	-	50,871,271
	Recognition of prior year amount owing to Maletswai Municipality for agency services - Note 26.2	-	3,332,344
	<b>Total</b>	<u>-</u>	<u>54,203,615</u>

**Ukhahlamba District Municipality**  
**Notes to the Financial Statements 2008**

<b>27</b>	<b>CORRECTION OF ERROR</b>	<b>2008</b>	<b>2007</b>
		<b>R</b>	<b>R</b>
	During the 2 financial years, the Accumulated Surplus was restated due to significant prior year adjustments for the years.	-	12,462,615
	Non cash entries in prior year adjustments	-	-6,111,400
	Net effect on surplus/(deficit) for the year	<u>-</u>	<u>6,351,215</u>
	For more information refer to Statement of Changes in Net Assets. Water & Sanitation Assets previously under control of the Local Municipalities are taken into the financial records of Council. Outstanding invoices to Bloem Water is taken into account (R 5 586 462)		
<b>28</b>	<b>CASH GENERATED BY OPERATIONS</b>		
	Net surplus for the year	129,048,088	(10,466,448)
	Adjustment for:-		
	Prior Year Adjustments - Note 27	-	6,351,215
	Correction of errors - Note 26.6	-	5,580,877
	Depreciation	12,579,878	4,053,051
	Gain on disposal of property, plant and equipment	-272,459	-
	Contribution to provisions	-	-
	Contribution to bad debt provision	-	-
	Bad debt written off	-	393,280
	Investment income	-4,234,645	(1,783,951)
	Interest paid	1,687,839	1,704,351
	<b>Operating surplus before working capital changes:</b>	<b>138,808,702</b>	<b>5,832,374</b>
	(Increase) in inventories	-246,652	-37,949
	(Increase)/decrease in other receivables from non-exchange transactions	14,244,290	-7,214,104
	(Decrease)/increase in conditional grants and receipts payable	27,176,798	-11,850,726
	(Decrease)/increase in conditional grants and receipts receivable	-3,073,108	-952,941
	(Decrease)/Increase in trade payables	-19,624,213	31,053,259
	Increase in VAT receivable	-2,044,224	-3,463,065
	<b>Cash generated by/(utilised in) operations</b>	<b>155,241,593</b>	<b>13,366,848</b>
<b>29</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and cash equivalents included in the cash flow statement comprise the following :		
	Call Investments Deposits	56,787,768	17,850,698
	Call Investment Deposits - Correction of error - Note 26.6	-	5,669,942
	<b>Total - Call Investment Deposits</b>	<b>56,787,768</b>	<b>23,520,640</b>
	Cash Floats	300	300
	Bank - Correction of error - Note 26.6	-	(89,066)
	Primary Bank Account (Overdraft cashbook balance)	(3,775,468)	(8,586,450)
	<b>Total cash and cash equivalents</b>	<b>53,012,599</b>	<b>14,845,425</b>
<b>30</b>	<b>UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
	Long-term liabilities - Note 2	8,363,877	10,091,318
	Used to finance property, plant and equipment – at cost	8,363,877	10,091,318
	Sub- total	-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 8.8 % and 11.50 % and will be repaid by 2024		
	<b>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice</b>		
	• Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]		
	• Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.		
<b>31</b>	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
	There were no fruitless- or wasteful expenditure during the year.		
	<b>31.1 Unauthorised expenditure</b>		
	Reconciliation of unauthorised expenditure		
	Opening balance	-	-
	Unauthorised expenditure current year	58,012,204	-
	Approved by Council or condoned	-	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	<u>58,012,204</u>	<u>-</u>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	<i>Overspending on votes - Appendix E(1) and E(2)</i>	<i>None</i>	
	<b>31.2 Fruitless and wasteful expenditure</b>		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	-	-
	Condoned or written off by Council	-	-
	To be recovered – contingent asset	-	-
	Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>-</u>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	<i>None</i>	<i>None</i>	
	<b>31.3 Irregular expenditure</b>		
	Reconciliation of irregular expenditure		
	Opening balance	-	-
	Irregular expenditure current year	855,509	-
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery – not condoned	-	-
	Irregular expenditure awaiting condonement	<u>855,509</u>	<u>-</u>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	<i>Double payments to Sinterc - Amount recovered during September 2008</i>	<i>None - responsible official resigned beforehand</i>	

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2008 R	2007 R
<b>32.1 Contributions to organized local government - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Council subscriptions	356,496	274,433
Amount paid - current year	(356,496)	(274,433)
Amount paid - previous years	-	-
<b>Balance unpaid (included in trade payables)</b>	<u>-</u>	<u>-</u>
<b>32.2 Audit fees - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Current year audit fee	1,322,986	475,263
Amount paid - current year	(1,322,986)	(475,263)
Amount paid - previous years	-	-
<b>Balance unpaid (included in trade payables)</b>	<u>-</u>	<u>-</u>
<b>32.3 VAT - [MFMA 125 (1)(b)]</b>		
Vat inputs receivables and Vat outputs payables are shown in Note 7	<u>16,600,195</u>	<u>14,555,971</u>
All VAT returns have been submitted by the due date throughout the year.		

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT - Continued

**32.4 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

Councillors do not receive any services from the municipality.

**32.5 Award quotation - Section 45 - Supply Chain Management**

Emergency Upgrading of Barkly East Water Supply – Phase 2 & 3

1,542,140

**32.6 Withdrawals from municipal bank accounts - Section 11(4) of the MFMA**

The quarterly reports for the quarters June 2007 to June 2008 as required by section 11(4) of the MFMA was submitted within 30 days after the end of each quarter.

**32.7 Section 52(d) of the MFMA - Report on the implementation of the budget**

The quarterly reports was submitted within 30 days of the end of each quarter.

**31.90 Section 54(1) - Budgetary control and early identification of financial problems**

The quarterly reports was submitted within 30 days of the end of each quarter.

**31.91 Annual Report - Section 121 of the MFMA**

The annual report was submitted to Council within 7 months after the end of the 2006/07 financial year as required by section 127(2) of the MFMA. However, the annual report and oversight report was not adopted within 9 months as stipulated in section 121.

**31.1 Late submission of Financial Statements**

The financial statements were submitted for audit on 10 October 2008.

33 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

Land and Buildings

Infrastructure

Community

Heritage

Other

Leased Assets

86,367,000

84,066,000

1,000,000

-

-

1,301,000

- Approved but not yet contracted for

Infrastructure

Community

Other

-

-

-

**Total**

86,367,000

This expenditure will be financed from:

- Government Grants

86,367,000

86,367,000

34 FINANCIAL RISK MANAGEMENT

**Financial Risk Management**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign exchange currency risk**

The municipality does not engage in foreign currency transactions.

**(b) Interest rate Risk**

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis.

**(c) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

**(d) Liquidity Risk**

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

**(d) Other risks**

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

**35 EVENTS AFTER THE REPORTING DATE**

The municipality started a process and appointed consultants to investigate the establishment of a municipal entity for a Development Agency.

**36 IN-KIND DONATIONS AND ASSISTANCE**

The Municipality did not receive any in-kind donations and assistance during the financial year ended 2007/2008.

**37 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year 2007/2008.

**38 COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with the budget, is set out in Annexures "E (1) and E (2)".

**39 CONTINGENT LIABILITY**

A possibility exist for the municipality being sued for the loss of lives of babies because of alleged contaminated water. This issue was referred to the municipality's insurers. The municipality does not claim responsibility for the incidents.

**40 Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)(b) of the notice**

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

- Segment Reporting (AC115) Entire Standard

- Operating Segments (AC146) Entire Standard

- Construction Contracts (AC109) Entire Standard

- Business Combinations (AC140) Entire Standard

- Accounting for Government Grants and Disclosure of Government Assistance (AC134) Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.

- Investment Property (AC 135) The entire standard to the extent that property is accounted for in terms of GAMAP 17.

- Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (ii)]

**41 Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP).**

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliable financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix "G".

Ukhahlamba District Municipality  
Notes to the Financial Statements 2008

8 PROPERTY, PLANT AND EQUIPMENT  
30 JUNE 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Other	Leased Assets	Total
	R	R	R	R	R
<b>01 July 2007</b>	<b>10,247,653</b>	<b>162,777,038</b>	<b>4,081,002</b>	<b>119,430</b>	<b>177,225,122</b>
Cost	11,311,163	59,956,187	8,736,124	-	80,003,475
GAMAP 17 Implementation	-	140,081,721	-	274,854	140,356,576
Accumulated depreciation	-1,063,510	-37,260,871	-4,655,123	-155,424	-43,134,928
- Cost	-1,063,510	-16,249,426	-4,651,666	0	-21,964,602
GAMAP 17 Implementation	0	-21,011,445	-3,456	-155,424	-21,170,326
Acquisitions	132,755	14,435,751	782,170	-	15,350,676
Capital under Construction	-	102,440,239	-	-	102,440,239
Depreciation	-331,305	-9,681,917	-1,390,360	-55,121	-11,458,704
- based on cost	-331,305	-9,681,917	-1,390,360	-55,121	-11,458,704
- based on revaluation	-	-	-	-	-
Carrying value of disposals	-	-	-65,318	-	-65,318
Cost/revaluation	-	-	-384,600	-	-384,600
Accumulated depreciation	-	-	319,282	-	319,282
<b>30 JUNE 2008</b>	<b>10,049,103</b>	<b>269,971,111</b>	<b>3,407,494</b>	<b>64,308</b>	<b>283,492,015</b>
Cost	11,443,918	316,913,899	9,133,695	274,854	337,766,366
Accumulated depreciation	-1,394,815	-46,942,788	-5,726,201	-210,546	-54,274,350
- Cost	-1,394,815	-46,942,788	-5,726,201	-210,546	-54,274,350
- Revaluation	-	-	-	-	-

30 JUNE 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Other	Leased Assets	Total
	R	R	R	R	R
<b>Carrying values at 01 July 2006</b>	<b>10,576,775</b>	<b>26,409,773</b>	<b>5,418,199</b>	<b>-</b>	<b>42,404,747</b>
Cost	11,311,163	40,408,758	8,596,378	-	60,316,299
Accumulated depreciation	-734,388	-13,998,985	-3,178,179	-	-17,911,552
- Cost	-734,388	-13,998,985	-3,178,179	-	-17,911,552
- Revaluation	-	-	-	-	-
Acquisitions	-	19,547,429	139,746	-	19,687,176
Depreciation	-329,122	-2,250,441	-1,473,488	-	-4,053,051
- based on cost	-329,122	-2,250,441	-1,473,488	-	-4,053,051
- based on revaluation	-	-	-	-	-
<b>Carrying values at 30 JUNE 2007</b>	<b>10,247,653</b>	<b>43,706,761</b>	<b>4,084,458</b>	<b>-</b>	<b>58,038,872</b>
Cost	11,311,163	59,956,187	8,736,124	-	80,003,475
Revaluation	-	-	-	-	-
Accumulated depreciation	-1,063,510	-16,249,426	-4,651,666	-	-21,964,602
- Cost	-1,063,510	-16,249,426	-4,651,666	-	-21,964,602
- Revaluation	-	-	-	-	-

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. All infrastructure assets which were transferred to the municipality in terms of the transfer of functions proclamation were unbundled and valued at fair value in terms of GAMAP 17. 26, by Mr I Attwell, 16 Arum Road, Simon's Town, a qualified engineer. The municipality is busy valuing its vehicles not previously recognised and will complete this exercise by 30 June 2009.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

**APPENDIX A**  
**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30-06-07	Adjustments restated	Received during the period	Redeemed written off during the period	Balance at 30-06-08
			R		R	R	R
<b>LONG-TERM LOANS</b>							
DBSA Loan - Building (R7,4 mil) - 11,53% - 20 years	100878/1	2024	7,215,438	-	-	138,046	7,077,392
DBSA Loan - Sanitation (R1,5 mil) - 8,83% - 2 years	101914/1	2008	1,377,456	90	-	1,377,546	0
DBSA Loan - Water (R1,4 mil) -	9980/102	2016	954,308	-	-	55,433	898,875
DBSA Loan - Sanitation (Senqu transfer)	121751alf15242	2010	384,799	-	-	93,024	291,775
<b>Total long-term loans</b>			<b>9,932,001</b>	<b>90</b>	-	<b>1,664,049</b>	<b>8,268,042</b>
<b>Leased Assets - ITEC Finance</b>		2010	159,227	-	-	63,392	95,836
<b>Total leases</b>			<b>159,227</b>	-	-	<b>63,392</b>	<b>95,836</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>10,091,228</b>	<b>90</b>	-	<b>1,727,441</b>	<b>8,363,877</b>

The Loan for Water R1.4 mil was taken over from Maletswai Municipality in Aug 2005. This Loan was not reflected in previous financial statements. The balance as at 30 June 2007 is R954 308.

The Loan for Sewerage/Waste was taken over from Senqu Municipality in July 2007 i.t.o the provincial notice for the transfer of functions. This Loan was not reflected in previous financial statements. The balance as at 30 June 2007 is R384 799.

**APPENDIX B**  
**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	Cost/Revaluation								Accumulated Depreciation						Carrying Value
	Opening	GAMAP 17.86	Adjusted	Additions	Under	Disposals	Residual Value	Closing	Opening	GAMAP 17.86	Adjusted	Additions	Disposals	Closing	
	Balance	Implementation and adjustments	Opening Balance		Construction		Disposals	Balance	Balance	Implementation and adjustments	Opening Balance			Balance	
<b>Land and Buildings</b>															
Land	917,840	-	917,840	-	-	-	-	917,840	-	-	-	-	-	-	917,840
Buildings	10,393,323	-	10,393,323	132,755	-	-	-	10,526,078	1,063,510	-	1,063,510	331,305	-	1,394,815	9,131,263
	<b>11,311,163</b>	<b>-</b>	<b>11,311,163</b>	<b>132,755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,443,918</b>	<b>1,063,510</b>	<b>-</b>	<b>1,063,510</b>	<b>331,305</b>	<b>-</b>	<b>1,394,815</b>	<b>10,049,103</b>
<b>Infrastructure</b>															
Sewerage Mains & Purif	5,821,942	39,178,014	44,999,956	6,094,779	66,868,059	-	-	117,962,794	796,023	5,914,738	6,710,761	2,324,243	-	9,035,004	108,927,790
Water Mains & Purification	36,745,884	-4,995,917	31,749,967	4,181,861	-	-	-	35,931,828	12,511,274	-5,121,980	7,389,294	1,671,743	-	9,061,037	26,870,790
Reservoirs - Water	17,388,361	33,948,244	51,336,605	-	-	-	-	51,336,605	2,942,128	1,437,253	4,379,381	2,428,440	-	6,807,821	44,528,784
Water Mains	-	71,951,380	71,951,380	4,159,111	35,572,181	-	-	111,682,672	-	18,781,434	18,781,434	3,257,491	-	22,038,926	89,643,746
	<b>59,956,187</b>	<b>140,081,721</b>	<b>200,037,908</b>	<b>14,435,751</b>	<b>102,440,239</b>	<b>-</b>	<b>-</b>	<b>316,913,899</b>	<b>16,249,426</b>	<b>21,011,445</b>	<b>37,260,871</b>	<b>9,681,917</b>	<b>-</b>	<b>46,942,788</b>	<b>269,971,111</b>
<b>Other Assets</b>															
Office Equipment	473,168	-	473,167	3,158	-	-21,375	-1,125	453,825	350,569	-	350,569	69,968	-21,375	399,162	54,662
Furniture & Fittings	2,334,778	-	2,334,778	-	-	-79,420	-4,180	2,251,178	1,164,035	3,456	1,167,491	311,947	-56,069	1,423,368	827,810
Motor Vehicles	1,581,544	-	1,581,544	755,439	-	-251,750	-13,250	2,071,983	919,555	-	919,555	301,655	-229,012	992,197	1,079,785
Fire Engines	1,742,050	-	1,742,050	-	-	-	-	1,742,050	358,499	-	358,499	331,896	-	690,395	1,051,655
Computer Equipment	1,741,587	-	1,741,587	23,574	-	-12,825	-675	1,751,661	1,314,474	-	1,314,474	213,568	-12,825	1,515,217	236,444
Special Vehicles	26,000	-	26,000	-	-	-	-	26,000	9,887	-	9,887	2,477	-	12,364	13,636
Tools and Equipment	836,998	-	836,998	-	-	-	-	836,998	534,648	-	534,648	158,849	-	693,497	143,501
	<b>8,736,124</b>	<b>-</b>	<b>8,736,124</b>	<b>782,170</b>	<b>-</b>	<b>-365,370</b>	<b>-19,230</b>	<b>9,133,694</b>	<b>4,651,666</b>	<b>3,456</b>	<b>4,655,123</b>	<b>1,390,360</b>	<b>-319,282</b>	<b>5,726,201</b>	<b>3,407,493</b>
<b>Leased assets</b>															
Office Equipment	-	274,854	274,854	-	-	-	-	274,854	-	155,424	155,424	55,121	-	210,546	64,308
<b>Total</b>	<b>80,003,475</b>	<b>140,356,576</b>	<b>220,360,050</b>	<b>15,350,676</b>	<b>102,440,239</b>	<b>-365,370</b>	<b>-19,230</b>	<b>337,766,365</b>	<b>21,964,602</b>	<b>21,170,326</b>	<b>43,134,928</b>	<b>11,458,704</b>	<b>-319,282</b>	<b>54,274,350</b>	<b>283,492,015</b>

**APPENDIX C**  
**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
**30 JUNE 2008**

	Cost									Accumulated Depreciation						Carrying
	Opening	GAMAP 17.86	Adjusted	Additions	Residual Value	Under	Disposals	Residual Value	Closing	Opening	GAMAP 17.86	Adjusted	Additions	Disposals	Closing	Value
	Balance	Implementation and adjustments	Opening Balance		Additions	Construction		Disposals	Balance	Balance	Implementation and adjustments	Opening Balance			Balance	
Executive & Council	924,144	-	924,144	-	-	-	-1,520	-80	922,544	521,830	1,499	523,329	157,685	-1,087	679,928	242,616
Finance & Admin	12,948,249	274,854	13,223,103	144,149	-	-	-53,105	-2,795	13,311,352	2,085,315	157,108	2,242,424	591,320	-49,233	2,784,511	10,526,841
Planning & Development	459,876	-	459,876	-	-	-	-	-	459,876	273,504	-162	273,341	82,307	-	355,648	104,228
Health	1,726,296	-	1,726,296	3,158	-	-	-170,145	-8,955	1,550,354	1,106,906	435	1,107,341	235,021	-157,055	1,185,308	365,047
Community & Social Services	1,812,353	-	1,812,353	540,986	226,632	-	-	-	2,579,971	356,441	-	356,441	346,457	-	702,898	1,877,073
Waste Management	0	-	0	6,094,779	-	66,868,059	-	-	72,962,838	-	-	-	90,240	-	90,240	72,872,598
Waste Water Management	7,998,311	39,178,014	47,176,325	2,941,127	-	-	-140,600	-7,400	49,969,452	2,167,204	5,914,738	8,081,942	2,608,205	-111,907	10,578,240	39,391,212
Water	54,134,245	100,903,707	155,037,952	5,399,845	-	35,572,181	-	-	196,009,978	15,453,403	15,096,707	30,550,110	7,347,468	-	37,897,577	158,112,400
<b>TOTAL</b>	<b>80,003,475</b>	<b>140,356,575</b>	<b>220,360,050</b>	<b>15,124,044</b>	<b>226,632</b>	<b>102,440,239</b>	<b>-365,370</b>	<b>-19,230</b>	<b>337,766,365</b>	<b>21,964,602</b>	<b>21,170,325</b>	<b>43,134,928</b>	<b>11,458,703</b>	<b>-319,282</b>	<b>54,274,349</b>	<b>283,492,016</b>

**APPENDIX D**  
**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

<b>2007 Actual Income R</b>	<b>2007 Actual Expenditure R</b>	<b>2007 Surplus/ (Deficit) R</b>		<b>2008 Actual Income R</b>	<b>2008 Actual Expenditure R</b>	<b>2008 Surplus/ (Deficit) R</b>
25,576,916	17,284,645	8,292,271	Executive & Council	5,291,865	13,716,127	-8,424,262
16,244,377	16,930,177	-685,800	Finance & Admin	34,114,895	27,018,696	7,096,198
2,299,983	1,961,531	338,452	Planning & Development	1,196,252	1,356,470	-160,218
10,615,511	9,820,702	794,808	Health	16,291,495	15,861,568	429,927
4,179,101	7,226,351	-3,047,251	Community & Social Services	20,529,280	20,747,273	-217,993
-	3,999,196	-3,999,196	Environmental Protection	-	-	-
11,607,375	13,280,552	-1,673,177	Waste Management	9,876,722	9,892,684	-15,962
21,442,062	32,430,314	-10,988,252	Road Transport	29,247,838	32,468,773	-3,220,935
27,904,931	37,088,147	-9,183,216	Water	46,507,918	38,357,095	8,150,823
116,504,999	103,422,092	13,082,908	Other	141,930,431	24,474,867	117,455,564
<u>236,375,254</u>	<u>243,443,707</u>	<u>-7,068,453</u>	Sub Total	<u>304,986,697</u>	<u>183,893,554</u>	<u>121,093,143</u>
7,466,373	10,864,369	-3,397,996	Less Inter-Dep Charges		-7,954,945	7,954,945
<u><b>243,841,627</b></u>	<u><b>254,308,076</b></u>	<u><b>-10,466,448</b></u>	<b>Total</b>	<u><b>304,986,697</b></u>	<u><b>175,938,609</b></u>	<u><b>129,048,088</b></u>
			Add: Share of Associate			

**APPENDIX E(1)**  
**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008**

REVENUE	2008 Actual (R)	2008 Budget (R)	2008 Variance (R)	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Service charges	-	30,584,000	-	0.00%	Change in accounting treatment - Note 15
RSC Levies	-	500,000	-	0.00%	Recognised in prior years - Note 26.2
Rent of facilities and equipment	18,816	10,000	8,816	88.16%	Under budgeted
Interest earned - external investments	4,234,645	1,600,000	2,634,645	164.67%	Improved cash-flow
Interest earned - outstanding debtors	3,159	190,000	-186,841	-98.34%	No credit control measures applied
Fines	164,580	150,000	14,580	9.72%	
Agency Fees	-	5,916,000	-	0.00%	Allocated to perating Grants and Subsidies
Operating grants & subsidies (agrees to line 18 of f4.1)	293,857,248	314,047,000	-20,189,752	-6.43%	Less spent than budgeted
Other income	6,435,789	3,389,000	3,046,789	89.90%	Increased revenue from private works
Surplus on sale of assets	272,459	-	272,459		No budget
Internal Recoveries	-	7,982,000	-	0.00%	Expenditure below reduced per accounting treatment change
<b>Total Revenue</b>	<b>304,986,697</b>	<b>364,368,000</b>	<b>-14,399,303</b>		
EXPENDITURE					
Executive & Council	11,173,590	7,887,000	3,286,590	41.67%	Unbudgeted prior year expenses
Finance & Admin	21,606,288	20,548,000	1,058,288	5.15%	Capital expenditure budgeted as opex
Planning & Development	1,356,470	4,378,000	-3,021,530	-69.02%	Capital expenditure budgeted as opex
Health	15,861,568	13,965,000	1,896,568	13.58%	Capital expenditure budgeted as opex
Community & Social Services	20,747,273	26,486,000	-5,738,727	-21.67%	Capital expenditure budgeted as opex
Waste Management	9,892,684	21,028,000	-11,135,316	-52.95%	Capital expenditure budgeted as opex
Road Transport	32,468,773	42,781,000	-10,312,227	-24.10%	Capital expenditure budgeted as opex
Water	38,357,095	52,495,000	-14,137,905	-26.93%	Capital expenditure budgeted as opex
Other	24,474,867	153,779,000	-129,304,133	-84.08%	Capital expenditure budgeted as opex
<b>Total Expenditure</b>	<b>175,938,609</b>	<b>343,347,000</b>	<b>-167,408,391</b>	<b>-48.76%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>129,048,088</b>	<b>21,021,000</b>	<b>153,009,088</b>		

**APPENDIX E(1)**  
**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007**

REVENUE	2,007 Actual (R)	2,007 Budget (R)	2,007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Service charges	12,348,692	10,616,855	1,731,837	16.31%	Collect more revenue than budgeted
Rental of facilities and equipment	11,056	8,400	2,656	31.61%	More revenue received than budgeted for
Interest earned - external investments	1,579,698	760,000	819,698	107.86%	Received more interest than budgeted for
Interest earned - outstanding debtors	204,253	230,000	-25,747	-11.19%	Less interest received than budgeted for
Fines	182,174	151,654	30,520	20.12%	More revenue received than budgeted for
Income for agency services	-	1,300,000	-1,300,000	-100.00%	
Government grants and subsidies	192,578,651	231,708,748	-39,130,097	-16.89%	Less subsidy received than budgeted for
Other income	36,937,104	11,892,839	25,044,265	210.58%	More revenue received than budgeted for
Internal Transfers	-	2,504,136	-		
<b>Total Revenue</b>	<b>243,841,627</b>	<b>259,172,632</b>	<b>-12,826,869</b>	<b>-4.95%</b>	
EXPENDITURE					
Executive & Council	18,303,771	7,371,179	10,932,592	148.32%	Less expenditure than budgeted for
Finance & Admin	19,060,526	18,312,468	748,058	4.08%	
Planning & Development	2,181,189	2,716,770	-535,581	-19.71%	
Health	10,902,382	11,183,330	-280,948	-2.51%	
Community & Social Services	8,572,003	8,762,745	-190,742	-2.18%	
Environmental Protection	4,223,824	3,480,348	743,476	21.36%	
Waste Management	13,280,552	11,221,164	2,059,388	18.35%	Expenditure more than budgeted for
Road Transport	32,435,461	31,860,738	574,723	1.80%	
Water	37,088,147	40,241,281	-3,153,134	-7.84%	
Other	108,260,220	119,807,957	-11,547,736	-9.64%	
<b>Total Expenditure</b>	<b>254,308,076</b>	<b>254,957,979</b>	<b>-649,904</b>	<b>-0.25%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>-10,466,448</b>	<b>4,214,653</b>	<b>-12,176,965</b>		

**APPENDIX E (2)**  
**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008**

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Under</u> <u>Construction</u>	<u>2008</u> <u>Total</u> <u>Additions</u>	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Variance</u>	<u>2008</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R	R	R	R	%	<i>(Explanations to be recorded)</i>
Executive & Council	0	0	0	0	0	0%	
Finance & Admin	144,149	0	144,149	0	144,149	0%	More capital grants received
Planning & Development	0	0	0	0	0	0%	More capital grants received
Health	3,158	0	3,158	1,268,000	-1,264,842	-100%	More capital grants received
				1,929,000	-1,929,000	-100%	More capital grants received
Community & Social Services	767,618	0	767,618	0	767,618	0%	More capital grants received
Waste Water Management	6,094,779	66,868,059	72,962,838		72,962,838	0%	More capital grants received
Waste Water Management	2,941,127	0	2,941,127	26,013,000	-23,071,873	-89%	More capital grants received
Water	5,399,845	35,572,181	40,972,026	40,004,000	968,026	2%	More capital grants received
Other				525,000	-525,000	-100%	More capital grants received
<b>Total</b>	<b>15,350,676</b>	<b>102,440,239</b>	<b>117,790,915</b>	<b>69,739,000</b>	<b>48,051,915</b>	<b>69%</b>	<b>More capital grants received</b>

**APPENDIX F**

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

**Grant and Subsidies Received**

Name of Grants	Quarterly Received					Expenditure	
	Balance 1 July 2007	Sept	Dec	March	June	2008	Balance 30 June 2008
Public Work - Special Programme	-	4,786.02	20,644,486.57	9,969,439.02	3,747,858.19	18,771,731.99	15,594,837.81
Disaster Management Plan	-	1,500,000.00	-	-	-	-	1,500,000.00
Working For Water	2,281,163.58	4,060,984.38	4,778,575.73	2,049,542.78	3,884,707.86	11,572,047.04	5,482,927.29
CMIP / MIG	-	35,100,739.78	31,574,728.02	34,816,126.15	21,340,000.00	125,885,143.73	3,053,549.78
DBSA Environmental Health	-	-	79,972.00	-	-	79,972.00	-
Finance Management Grant	1,035,952.06	500,000.00	-	-	-	972,968.65	562,983.41
Setion 78 on Health Services	-	280,000.00	-	-	-	280,000.00	-
LED	-	1,386,120.00	1,123,405.02	-	-	2,509,525.02	-
MSIG	-	500,000.00	500,000.00	-	-	1,000,000.00	-
Disaster Management	1,662,768.90	-	2,262,877.00	4,397,113.00	-	5,070,964.21	3,251,794.69
Economic Affairs	-	5,250,000.00	-	-	-	5,250,000.00	-
Housing MPMS	-	-	600,000.00	-	-	600,000.00	-
Water Affairs - FNT	-	-	-	5,500,000.00	-	5,500,000.00	-
Fire & Emergency Service (Dis Man)	111,693.79	1,500,000.00	-	-	1,535,330.00	1,701,031.58	1,445,992.21
DDC Training	101,026.55	-	-	-	-	-	101,026.55
Working for Wetland	-	1,521,130.94	1,333,421.75	146,287.90	1,180,951.50	-	4,181,792.09
Remuneration Of Cdw's	796,496.87	-	-	-	-	-	796,496.87
Disaster Forum	98,763.15	-	-	-	-	-	98,763.15
Drought Relief Senqu	580,992.39	-	-	-	-	-	580,992.39
Drought Relief Elundini	2,066,533.84	-	-	-	1,458,925.82	1,458,925.82	2,066,533.84
Elungini Community Hall & Road	223,391.81	-	-	-	-	-	223,391.81
Gariep Implement Lake	1,999,740.68	-	-	-	-	-	1,999,740.68
Equitable Share	-	65,792,459.00	-	-	-	65,792,459.00	-
Subsidy Environmental Health	-	-	-	-	-	-	-
Subsidy Health	-	2,510,684.00	3,681,250.00	-	5,800,012.00	11,991,946.00	-
Subsidy SCDOH	-	-	-	-	-	-	-
Aids Secretary Salaries	-	-	-	-	150,000.00	-	150,000.00
Sinenjongo Sewing Project	-	-	-	-	78,503.44	-	78,503.44
IMBISO	-	-	70,515.00	-	-	70,515.00	-
Financial Assistance	-	-	-	20,250,000.00	-	20,250,000.00	-
LG Seta	-	-	157,816.66	50,701.18	-	208,517.84	-
Herchell Plan	-	-	-	-	-	13.00	-13.00
IT Implementation	-	351,600.00	-	-	-	351,600.00	-
Subsidy Health - Tick registers	-	26,600.00	18,250.00	-	-	44,850.00	-
IDP	-	-	1,000,000.00	-	-	1,000,000.00	-
Oranje Fontein Housing	-	-	-	443,514.90	206,286.00	649,800.90	-
Prentjiesberg Housing	-	-	-	1,456,716.84	-	1,456,716.84	-
Water Service Authority (WSA)	-	-	1,885,600.47	5,853,909.53	-	7,739,510.00	-
European Union Grants	-	-	-	-	469,060.11	469,060.11	-
Other Grants	-	-	-	-	3,179,949.31	3,179,949.31	-
Bucket Eradication	-1,604,146.46	-	-	-	-	-	1,604,146.46
Dept Water Affairs	-194,688.17	-	-	-	-	-	194,688.17
<b>Total</b>	<b>9,159,688.99</b>	<b>120,285,104.12</b>	<b>69,710,898.22</b>	<b>84,933,351.30</b>	<b>43,031,584.23</b>	<b>293,857,248.04</b>	<b>33,263,378.82</b>

## Appendix G

### Implementation plan to comply with the requirements of General Recognised Accounting Practices

<b>Name of municipality:</b>	Ukhahlamba District Municipality	<b>Demarcation Code:</b>	
<b>Name of preparer:</b>	Mr F Bothma (Chief Financial Officer)	<b>Date completed:</b>	31 March 2008
<b>Contact Details:</b>		<b>Financial period:</b>	07/08
<b>Capacity category:</b>	<b>High Capacity</b>	<b>(delete whichever not applicable)</b>	

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Amendment to milestone and or achievement of milestone</b> <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b> <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Presentation of financial statements (GRAP 1)	<ul style="list-style-type: none"> <li>• Preparation of GRAP compliant financial statements.</li> <li>• Restatement of incorrect conversion balances as at 30 June 2006.</li> <li>• Challenges as listed below.</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008</li> <li>• The municipality has achieved this milestone</li> </ul>	CFO	<p><i>AFS 30 June 2008</i></p> <p><i>Completed</i></p>
Cash flow statements (GRAP 2)	<ul style="list-style-type: none"> <li>• Obtain a thorough understanding of the format of the cash flow statement.</li> <li>• No challenges to overcome.</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality has achieved this milestone</li> </ul>	CFO	<i>AFS 30 June 2008</i>
Accounting policies, changes in accounting estimates and	<ul style="list-style-type: none"> <li>• A draft accounting policy must be prepared in order</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality has achieved this milestone</li> </ul>	CFO	Completed

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### Implementation plan to comply with the requirements of General Recognised Accounting Practices

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Amendment to milestone and or achievement of milestone</b> <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b> <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
errors (GRAP 3)	to budget for 2008/2009 <ul style="list-style-type: none"> <li>The municipality will have to investigate what the potential impact of Standards approved but not yet effective may be on the annual financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>		AFS 30 June 2009
The Effects of Changes in Foreign Exchange Rates (GRAP 4)	<ul style="list-style-type: none"> <li>The municipality is not involved in any foreign currency transactions.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	CFO	Completed
Consolidated and Separate Financial Statements (GRAP 6)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any entities in which it has a controlling interest.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed
Investments in Associates (GRAP 7)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any entities over which it has significant influence.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed
Interests in Joint Ventures	<ul style="list-style-type: none"> <li>The municipality has established through a review</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed

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<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Amendment to milestone and or achievement of milestone</b> <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b> <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
(GRAP 8)	that it does not have any public private partnerships which may constitute a joint venture.			
Revenue from Exchange Transactions (GRAP 9)	<ul style="list-style-type: none"> <li>The municipality will review all revenue sources in order to establish compliance with this Standard.</li> <li>The potential impact of paragraph 12 and SAICA Circular 09/06 will have to be assessed.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009 (except paragraph 12 of GAMAP 9 and SAICA Circular 09/06.) Rest of the Standard, 1 July 2009.
Construction Contracts (GRAP 11)	<ul style="list-style-type: none"> <li>The municipality will review the Standard in order to understand what constitutes a construction contract as defined by the Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	1 July 2008
Inventories (GRAP 12)	<ul style="list-style-type: none"> <li>No changes required</li> <li>No erven available for sale.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	AFS 30 June 2009
Leases (GRAP 13)	<ul style="list-style-type: none"> <li>The leases were identified and were included in fixed assets for the year ended 30</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	AFS 30 June 2008

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### Implementation plan to comply with the requirements of General Recognised Accounting Practices

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Amendment to milestone and or achievement of milestone</b> <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b> <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	June 2007			
Events after the Reporting Date (GRAP 14)	<ul style="list-style-type: none"> <li>The preparers of the financial statements will have discussions with senior officials and its lawyers in order to determine if any events after reporting date has occurred.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	AFS 30 June 2008
Investment Property (GRAP 16)	<ul style="list-style-type: none"> <li>All investment property must be transferred from PPE to investment property.</li> <li>A new accounting policy regarding investment property should be prepared and adopted.</li> <li>The fixed asset register must be amended in order to process investment property transactions.</li> <li>The full impact of the change in accounting policy must be disclosed in the</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	AFS 30 June 2009

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### Implementation plan to comply with the requirements of General Recognised Accounting Practices

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	financial statements.			
Property, Plant and Equipment (GRAP 17)	<ul style="list-style-type: none"> <li>• The municipality has performed a physical verification of its PPE and prepared a fixed asset register.</li> <li>• The fixed asset register should be reviewed in order to ensure that the funding sources are correct.</li> <li>• An accounting policy regarding the PPE should be prepared and approved.</li> <li>• Infrastructure assets should be identified and valued by engineers.</li> <li>• All land and buildings should be revalued once the new valuation roll is finalized.</li> <li>• Review of useful life of item of PPE recognised in the annual financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality has achieved this milestone</li> <li>• The municipality has achieved the milestone.</li> <li>• The municipality has achieved this milestone.</li> <li>• The municipality is on track to achieve this milestone.</li> <li>• The milestone will be achieved.</li> <li>• The municipality will commence with this process before the current year-end.</li> </ul>	CFO	<p style="text-align: center;"><i>Completed</i></p> <p style="text-align: center;"><i>AFS 30 June 2008</i></p> <p style="text-align: center;"><i>AFS 30 June 2008</i></p> <p style="text-align: center;">30 June 2008</p> <p style="text-align: center;">AFS 30 June 2008 (Will be delayed until 30 June 2009)</p> <p style="text-align: center;">AFS 30 June 2009</p>

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### Implementation plan to comply with the requirements of General Recognised Accounting Practices

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	<ul style="list-style-type: none"> <li>• Review of the depreciation method applied to PPE recognised in the annual financial statements.</li> <li>• Impairment of non-cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed.</li> <li>• Impairment of cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed.</li> </ul>	<ul style="list-style-type: none"> <li>• The depreciation methods will be reviewed before the current year-end.</li> <li>• The municipality will commence with a process to identify any assets that may potentially be impaired. The relevant heads of department will be capacitated to be able to identify possible impairments.</li> <li>• The municipality will commence with a process to identify any assets that may potentially be impaired. The relevant heads of department will be capacitated to be able to identify possible impairments.</li> </ul>		<p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p>

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### Implementation plan to comply with the requirements of General Recognised Accounting Practices

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Amendment to milestone and or achievement of milestone</b> <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b> <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Provisions, Contingent Liabilities and Contingent Assets (GRAP 19)	<ul style="list-style-type: none"> <li>The municipality will appoint external specialists to assist with the identification of potential provisions, liabilities and contingent assets.</li> </ul>	The municipality is on track to achieve this milestone	CFO	AFS 30 June 2008 (Will be delayed until 30 June 2009)
Non-current Assets held for Sale and Discontinued Operations (GRAP 100)	<ul style="list-style-type: none"> <li>No problems foreseen.</li> </ul>	The municipality is on track to achieve this milestone	CFO	AFS 30 June 2009
Agriculture (GRAP 101)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any transactions or activities which can be classified as agriculture.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed.
Intangible assets (GRAP 102)	<ul style="list-style-type: none"> <li>The municipality will appoint external specialists to assist with the identification of potential intangible assets.</li> <li>The asset register needs to</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2008 for computer software. 30 June 2009 for all other intangible

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<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Amendment to milestone and or achievement of milestone</b> <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b> <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	<p>be adjusted in order capture all intangible assets.</p> <ul style="list-style-type: none"> <li>An accounting policy needs to be drafted for the treatment of intangible assets.</li> </ul>			assets.
Financial Instruments: Disclosures (IFRS 7/AC 144)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	1 July 2008
Income Taxes (IAS 12/AC 102)	<ul style="list-style-type: none"> <li>Not applicable to this municipality.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	
Employee benefits (IAS 19/AC 116)	<ul style="list-style-type: none"> <li>The municipality will request for quotations for the appointment of actuaries to value all employee benefits in order to use as comparatives.</li> <li>Once the value of the potential liability is calculated, the municipality will determine a phasing-in</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009

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### Implementation plan to comply with the requirements of General Recognised Accounting Practices

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Amendment to milestone and or achievement of milestone</b> <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b> <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	policy for the provision of the total liability.			
Accounting for Government Grants and Disclosure of Government Assistance (IAS 20/AC 134)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard vis a vis GAMAP 9.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Financial Instruments: Presentation (IAS 32/AC 125)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Impairment of Cash-generating Assets (IAS 36/AC 128)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Impairment of non-cash-generating Assets	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009

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Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
(IPSAS 21)	the impact and requirements of this Standard.			