

O.R. TAMBO DISTRICT MUNICIPALITY MUNICIPALITY



**O.R. TAMBO
DISTRICT MUNICIPALITY**

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 65, 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 the 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.

B.W. Kannemeyer
Municipal Manager

Date

**O. R. TAMBO DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2009**

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Annual Financial Statements

for

O.R. TAMBO DISTRICT MUNICIPALITY

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

Province:

Eastern Cape

AFS rounding:

R (i.e. only cents)

Contact Information:

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O.R. TAMBO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

General information

Members of the Council

		<u>Date of Commencement</u>	<u>Date of Resignation</u>
Mrs. R. Z Capa	Mayor	22 March 2006	
Ms. N. Madalane	Speaker	22 March 2006	
MMC L.S Nduku	Member of the Executive Committee	22 March 2006	
MMC E.N. Diko	Member of the Executive Committee	22 March 2006	
MMC Z. Ndlumbini	Member of the Executive Committee	22 March 2006	
MMC N. Meth	Member of the Executive Committee	22 March 2006	
MMC N. Tobo	Member of the Executive Committee	22 March 2006	
MMC M. Makhedama	Member of the Executive Committee	22 March 2006	
MMC P. Ndamase	Member of the Executive Committee	22 March 2006	
MMC N. Malunga	Member of the Executive Committee	22 March 2006	
MMC J.P. Mdingi	Member of the Executive Committee	22 March 2006	

The Municipal Council (outside Executive Committee)

Betele S.		22 March 2006	
Dambuza M.B.		22 March 2006	
Diniso M.		22 March 2006	
Dudumayo B.		22 March 2006	
Gexu N.		22 March 2006	
Gwadiso J.P.		22 March 2006	
Hlabiso L.		22 March 2006	
Jwacu N.		22 March 2006	
Khonza N.		29 May 2009	
Luvela T.		22 March 2006	
Mabandla T.		22 March 2006	15 February 2009
Madubedube G.N.		05 May 2009	
Mamve N.		22 March 2006	
Mandita K.		22 March 2006	
Mantanga P.N.		22 March 2006	
Marini K.		22 March 2006	
Matomane R.N.		29 May 2009	
Mayekiso M.A.		22 March 2006	
Mbelu N.		31 March 2009	
Mngoma N.		22 March 2006	
Moyake N.S.		22 March 2006	
Mpatane X.		29 May 2009	
Mtshegu A.		22 March 2006	
Mvanyashe M.N.		22 March 2006	
Myolwa D.J.		22 March 2006	
Mzamane Z.		22 March 2006	
Mzoboshe S.		22 March 2006	
Ndabeni M.		22 March 2006	
Ndabeni S.		22 March 2006	
Nduku V.H.		22 March 2006	29 May 2009
Njemla S.N.		22 March 2006	05 May 2009
Njomi L.A.		22 March 2006	27 January 2009
Songca S.		22 March 2006	29 May 2009

O.R. TAMBO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

General information

The Municipal Council (outside Executive Committee Cont.)	Date of Commencing	Date of Resignation
Mashiya T.	22 March 2006	05 May 2009
Mhlanga M.	22 March 2006	31 March 2008
Ndabeni P.	22 March 2006	
Ndlobongela B.	22 March 2006	
Ndude L.M.	22 March 2006	
Nkosiyane N.L.	05 May 2009	
Nyengane S.	05 May 2009	
Qhosha B.	22 March 2006	
Qhuba W.S.	22 March 2006	
Sigcau N.E.	22 March 2006	
Sigcau T.	22 March 2006	
Soldati N.	22 March 2006	
Sotshangane S.M.	22 March 2006	
Stoyile M.	22 March 2006	05 May 2009
Tayi H.S.	22 March 2006	
Thiyeka N.	22 March 2006	
Tobo N.B.	22 March 2006	
Tshiceka N.	22 March 2006	
Tshobonga N.	22 March 2006	
Tshotsho M.	22 March 2006	
Tsipa K.W.	22 March 2006	
Wade B.J.	22 March 2006	
Yalo Z.	22 March 2006	

Member of the Executive Committee

Municipal Manager

B. W. Kannemeyer

Chief Financial Officer

M. E. Moleko

Grading of Local Authority

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Auditors

Auditor-General

Bankers

First National Bank

O.R. TAMBO DISTR
ANNUAL FINANCIAL STATEMENT
for the year ended 31/12/2017

General information (continued)

Registered Office:

Physical address:

Postal address:

Telephone number:

Fax number:

E-mail address:

ICT MUNICIPALITY
IAL STATEMENTS
ed 30 June 2009

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Mthatha
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O.R. TAMBO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 65, 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, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in the Statement of Financial Position 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.

Municipal Manager:

DATE: 30 September 2009

O.R. TAMBO DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITY
STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

	Note	Group		Municipality	
		2009 R	2008 R	2009 R	2008 R
ASSETS					
Current Assets					
Cash and cash equivalents	1	89 681 299	111 274 643	72 629 560	100 649 794
Trade and other receivables from exchange transactions	2	7 046 216	54 350 259	7 046 216	54 350 259
Other receivables from non-exchange transactions	3	85 264	1 901 510	-	1 805 798
Inventories	4	17 532 672	15 412 899	17 460 348	15 365 838
Current portion of long-term receivables	5	1 302 324	103 791	1 302 324	103 791
VAT receivable	11	3 960 913	20 002 673	3 132 325	19 437 131
		119 608 689	203 045 776	101 570 773	191 712 611
Non-Current Assets					
Non-current receivables	5	-	73 366	-	73 366
Intangible assets	6	5 983 054	1 540 836	5 907 142	1 453 152
Property, plant and equipment	7	3 275 184 145	3 110 848 451	3 269 406 997	3 107 025 497
Biological assets	8	11 871 034	10 263 714	9 582 733	8 750 650
		3 293 038 233	3 122 726 367	3 284 896 872	3 117 302 665
Total Assets		3 412 646 922	3 325 772 143	3 386 467 646	3 309 015 276
LIABILITIES					
Current Liabilities					
Trade and other payables from exchange transactions	9	117 391 517	90 568 179	109 551 862	88 511 726
Consumer deposits	10	2 100	-	2 100	-
Current provisions	12	21 318 322	18 880 063	19 427 288	17 175 731
Bank overdraft	1	435 793	-	222	-
Unspent conditional grants and receipts	13	59 179 754	67 020 380	59 179 754	67 020 380
Current portion of finance lease liability	14	305 327	762 540	97 778	104 585
Operating lease liability		7 306	7 973	-	-
		198 640 119	177 239 135	188 259 004	172 812 422
Non-current Liabilities					
Non-current finance lease liability	14	185 972	429 300	53 668	114 412
Total liabilities		198 826 091	177 668 435	188 312 672	172 926 834
NET ASSETS					
Reserves		96 154 191	34 291 598	96 154 191	34 291 598
Accumulated surplus		3 117 666 641	3 113 812 110	3 102 000 783	3 101 796 844
Total net assets and liabilities		3 412 646 923	3 325 772 143	3 386 467 645	3 309 015 276

O.R. TAMBO DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2009

	Note	Group		Municipality	
		2009 R	2008 R	2009 R	2008 R
REVENUE					
Service charges	15	56 299 990	57 165 492	56 299 990	57 165 492
Rental of facilities and equipment		777 876	784 825	86 729	30 732
Interest earned - external investments	16	12 931 335	9 186 073	11 850 165	8 707 456
Interest earned - outstanding receivables	17	3 613 434	17 429	3 347 479	17 429
Government grants and subsidies	18	851 904 026	709 782 598	851 904 026	709 782 598
Other income	19	71 773 796	5 672 145	58 561 480	1 219 567
Total revenue		997 300 458	782 608 562	982 049 870	776 923 274
EXPENSES					
Employee related costs	20	130 936 697	114 153 214	115 023 527	98 670 469
Remuneration of councillors		7 387 193	6 930 990	7 387 193	6 930 990
Bad debts	3	70 643 698	18 581 674	70 084 391	18 581 674
Depreciation and amortization	21	132 341 371	14 071 528	127 534 816	11 122 784
Repairs and maintenance		25 718 520	18 383 341	25 556 594	18 289 578
Finance costs	22	117 735	379 726	18 967	177 821
Bulk purchases	23	23 318 010	285 089	23 318 010	285 089
Contracted services	24	3 723 775	3 464 201	3 716 962	3 431 001
Grants and subsidies paid	25	11 598 218	10 055 227	71 933 628	48 768 708
General expenses	26	569 509 259	613 050 734	522 959 686	591 987 642
Total expenses		975 294 475	799 355 725	967 533 775	798 245 756
Gain on sale of assets	27	1 310 678	10 599	1 266 055	-
Impairment loss	28	(16 420 038)	-	(16 419 725)	-
Profit on fair value adjustment	29	716 238	(8 952)	841 514	-
SURPLUS / (DEFICIT) FOR THE YEAR		7 612 861	(16 745 516)	203 939	(21 322 482)

O.R. TAMBO DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2009

Municipality	Revaluation Reserve	Other reserves	Total Reserves	Accumulated Surplus/(Deficit)	Net Assets
Note	R	R	R	R	R
Balance at 30 June 2007	-	23 772 126	23 772 126	83 358 074	107 130 200
Correction of prior period errors	-	-	-	4 627 264	4 627 264
Restated balance at 1 July 2007	-	23 772 126	23 772 126	87 985 338	111 757 464
Capital grants used to purchase Property Plant and Equipment	-	16 879 898	16 879 898	(16 879 898)	-
Offsetting of depreciation	-	(6 360 426)	(6 360 426)	6 360 426	-
Deficit for the year	-	-	-	(21 322 481)	(21 322 481)
Balance at 30 June 2008	-	34 291 598	34 291 598	56 143 385	90 434 983
Correction of prior period errors	-	-	-	3 045 653 459	3 045 653 459
Restated balance at 30 June 2008	-	34 291 598	34 291 598	3 101 796 844	3 136 088 441
Surplus on revaluation of property of property, plant and equipment	61 862 593	-	61 862 593	-	61 862 593
Capital grants used to purchase Property Plant and Equipment	-	-	-	-	-
Offsetting of depreciation	-	-	-	-	-
Surplus for the year	-	-	-	203 939	203 939
Balance at 30 June 2009	61 862 593	34 291 598	96 154 191	3 102 000 783	3 198 154 974

O.R. TAMBO DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2009

Group	Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
		R	R	R	R	R
Balance at 30 June 2007		-	23 772 126	23 772 126	83 672 450	107 444 576
Correction of prior period errors		-	-	-	5 626 369	5 626 369
Restated balance at 1 July 2007		-	23 772 126	23 772 126	89 298 819	113 070 944
Capital grants used to purchase Property Plant and Equipment		-	16 879 898	16 879 898	(16 879 898)	-
Deferred income movement		-	-	-	6 124 820	6 124 820
Offsetting of depreciation		-	(6 360 426)	(6 360 426)	6 360 426	-
Deficit for the year		-	-	-	(16 745 516)	(16 745 516)
Balance at 30 June 2008		-	34 291 598	34 291 598	68 158 651	102 450 249
Correction of prior period errors	32	-	-	-	3 045 653 459	3 045 653 459
Restated balance at 30 June 2008		-	34 291 598	34 291 598	3 113 812 110	3 148 103 708
Surplus on revaluation of property of property, plant and equipment		61 862 593	-	61 862 593	-	61 862 593
Capital grants used to purchase Property Plant and Equipment		-	-	-	-	-
Offsetting of depreciation		-	-	-	-	-
Deferred income movement		-	-	-	(5 345 765)	(5 345 765)
Surplus from Ntinga Projects		-	-	-	598 192	598 192
Current year corrections		-	-	-	989 243	989 243
Surplus for the year		-	-	-	7 612 861	7 612 861
Balance at 30 June 2009		61 862 593	34 291 598	96 154 191	3 117 666 641	3 213 820 831

O.R. TAMBO DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITY
CASH FLOW STATEMENT
For the year ended 30 June 2009

	Note	Group		Municipality	
		2009 R	2008 R	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts		900 919 425	728 741 982	897 784 957	723 074 123
Sales of goods and services		33 387 455	59 654 373	33 387 455	59 654 373
Grants		782 048 962	653 444 566	782 048 962	653 444 566
Interest received		12 931 335	9 186 073	11 850 165	8 707 456
Other receipts		72 551 673	6 456 970	70 498 375	1 267 728
Payments		(683 948 504)	(785 004 925)	(693 344 759)	(785 927 399)
Employee costs		(138 323 890)	(121 084 204)	(122 410 721)	(105 601 459)
Suppliers		(532 343 752)	(655 120 490)	(554 511 115)	(626 747 272)
Interest paid		(117 735)	(379 726)	(18 967)	(177 821)
Other payments		(13 163 127)	(8 420 505)	(16 403 956)	(53 400 847)
Cash generated from / (utilised by) operations	30	216 970 921	(56 262 943)	204 440 198	(62 853 276)
Interest earned		16 544 770	9 203 502	15 197 644	8 724 885
Finance costs		(117 735)	(379 726)	(18 967)	(177 821)
Net cash flows from operating activities		233 397 955	(47 439 167)	219 618 875	(54 306 212)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets		(250 389 018)	(73 829 738)	(243 585 997)	(72 081 820)
Purchase of intangible assets		(5 440 478)	(1 092 652)	(5 341 441)	(1 092 652)
Purchase of biological assets		(1 736 082)	(8 874 844)	(781 170)	(8 750 000)
Proceeds on disposal of biological assets		2 010 290	-	2 010 290	-
Proceeds on disposal of fixed assets		197 392	48 256	-	-
Proceeds long-term receivables		73 366	25 414	73 366	-
Decrease in investment in controlled entities		-	200	-	-
Transfer from calves (weaned)		(1 009 722)	-	(1 009 722)	-
Decrease due to natural death of biological assets		1 110 488	-	1 056 088	-
Net cash flows from investing activities		(255 183 764)	(83 723 364)	(247 578 586)	(81 924 472)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of finance lease liability		(243 328)	(980 869)	(60 745)	(417 199)
Advances on long-term receivables		-	(46 524)	-	(46 524)
Net cash flows from financing activities		(243 328)	(1 027 393)	(60 745)	(463 723)
Net decrease in net cash and cash equivalents		(22 029 137)	(132 189 924)	(28 020 456)	(136 694 407)
Net cash and cash equivalents at beginning of period		111 274 643	243 464 567	100 649 794	237 344 201
Net cash and cash equivalents at end of period	31	89 245 506	111 274 643	72 629 338	100 649 794

O.R. TAMBO DISTRICT MUNICIPALITY AND ITS ENTITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2009

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006
GRAP 18 Segment Reporting - issued March 2005
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009
IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

There are no impending changes in accounting policy.

O.R. TAMBO DISTRICT MUNICIPALITY AND ITS ENTITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2009

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost or at deemed cost an alternative measurement criteria allowed by Directive 7. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. For purposes of the allowed alternative measurement criteria and for purpose of these financial statements, deemed cost is the depreciated replacement cost for the relevant items of property, plant and equipment applied at measurement date.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

O.R. TAMBO DISTRICT MUNICIPALITY AND ITS ENTITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2009

Infrastructure	Years	Other	Years
Roads and Paving	3 - 67	Buildings	30-40
Storm water drains	5 - 100	Motor vehicles	5 - 7
Water	15-50	Security systems	5 - 7
Sewerage	15-50	Parking area	5
		Park homes	15
		Plant and equipment	7 - 12
Finance lease assets		Office equipment	3 - 7
Office equipment	5	Furniture and fittings	7
		Tools and equipment	10
		Emergency equipment	15
		Computer equipment	3 - 7
		Intangible assets	3

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

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

2.5 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 BIOLOGICAL ASSETS

4.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

4.2 SUBSEQUENT MEASUREMENT

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

Fruit trees are valued by way of on arms length transaction that would have been applied / prevailing in replacing the existing fruit trees with fruit trees of a similar age and fruit bearing capacity.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

5 INVENTORIES

5.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale or consumption during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. In respect of water inventory cost includes the purchase price of raw water, labour, materials and overheads employed during purifying and processing water for human consumption.

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

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5.2 SUBSEQUENT MEASUREMENT

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

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, consumed or written off.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

6 FINANCIAL INSTRUMENTS

6.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

6.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

6.2.1 INVESTMENTS

Investments, which include short-term deposits invested in registered commercial banks, are categorised as loans and receivables and are measured at amortised cost. Investments, comprise of short-term highly liquid investments being deposits held on call with banks, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and subject to an insignificant risk of change in value.

6.2.2 INVESTMENT IN A MUNICIPAL ENTITY

The O.R. Tambo District Municipality has control over its municipal entity, the O.R. Tambo Ntinga Development Agency. Accordingly, these Consolidated Annual Financial Statements account for the Municipality's share of net assets and post-acquisition results of this investment, whilst eliminating transactions between the municipality and the entity.

6.2.3 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest rate method adjusted for impairment losses/gains at the end of the financial period. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

6.2.4 TRADE PAYABLES

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

6.2.5 CASH AND CASH EQUIVALENTS

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

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6.2.5 UNUTILISED CONDITIONAL GRANTS

Unutilised conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 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.

10 PROVISIONS

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

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

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

11 LEASES

11.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

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12 REVENUE

12.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on average consumption for the preceding 3 months.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

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

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Interest earned on unutilised conditional grants is recognised directly in the Statement of Financial Performance.

12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

12.3 GRANTS, TRANSFERS AND DONATIONS

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

13 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

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14 EMPLOYEE BENEFITS

14.1 Pension obligations

The Municipality provides retirement benefits for its employees. An optional non-contributory scheme (on the part of the municipality) is available for the councillors. The municipality operates a defined contribution scheme in the form of a pension scheme covering the personnel. The assets of the scheme are held separately from those of the municipality and are administered by the scheme's trustees. Contributions to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to such contributions. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

14.2 Accrued leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

15 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows: to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

16 VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

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	Group		Municipality	
	2009 R	2008 R	2009 R	2008 R
1 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of the following:				
Cash at bank	34 151 259	16 626 787	33 380 842	10 590 068
Bank overdraft	(435 793)	-	(222)	-
Cash on hand	7 842	3 107	-	-
Call deposits	55 522 198	94 644 749	39 248 718	90 059 726
	89 245 506	111 274 643	72 629 338	100 649 794
The Group has the following bank accounts:				
Current Account (Primary Bank Account) First National Bank, York Road: Account Number 539990172				
Cash book balance at beginning of year	10 582 923	13 434 766	10 582 923	13 434 766
Cash book balance at end of year	33 367 570	10 582 923	33 367 570	10 582 923
Bank statement balance at beginning of year	39 193 004	30 087 306	39 193 004	30 087 306
Bank statement balance at end of year	33 339 219	39 193 004	33 339 219	39 193 004
Credit Card Account First National Bank, York Road: Account Number 881271004736000				
Cash book balance at beginning of year	11 952	4 807	11 952	4 807
Cash book balance at end of year	13 271	7 145	13 271	7 145
Bank statement balance at beginning of year	7 145	4 807	7 145	4 807
Bank statement balance at end of year	8 465	7 145	8 465	7 145
Current Account (Petty Cash) First National Bank, York Road: Account Number 621428618881				
Cash book balance at beginning of year	4 168	-	4 168	-
Cash book balance at end of year	(222)	4 168	(222)	4 168
Bank statement balance at beginning of year	39	-	39	-
Bank statement balance at end of year	(222)	39	(222)	39
Current Account (Primary Bank Account) First National Bank, York Road: Account Number 62166804742				
Cash book balance at beginning of year	5 330 940	-	-	-
Cash book balance at end of year	(435 571)	5 330 940	-	-
Bank statement balance at beginning of year	6 684 649	-	-	-
Bank statement balance at end of year	231 132	6 684 649	-	-
Salaries Account First National Bank, York Road: Account Number 62183286890				
Cash book balance at beginning of year	18 945	-	-	-
Cash book balance at end of year	976	18 945	-	-
Bank statement balance at beginning of year	278 187	-	-	-
Bank statement balance at end of year	976	278 187	-	-
Old maize account First National Bank, York Road: Account Number 62068052762				
Cash book balance at beginning of year	186 803	-	-	-
Cash book balance at end of year	766 998	186 803	-	-
Bank statement balance at beginning of year	186 803	-	-	-
Bank statement balance at end of year	766 998	186 803	-	-
Primary Bank Account Standard Bank – Mthatha West: Account Number 080 904 475				
Cash book balance at beginning of year	-	1 039 064	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	-	1 609 404	-	-
Bank statement balance at end of year	-	-	-	-

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	Group		Municipality	
	2009 R	2008 R	2009 R	2008 R
1 CASH AND CASH EQUIVALENTS (Cont.)				
Salaries Account				
Standard Bank – Mthatha West: Account Number 241 648 149				
Cash book balance at beginning of year	-	4 383	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	-	4 383	-	-
Bank statement balance at end of year	-	-	-	-
DEAT - Tombo				
Standard Bank – Mthatha West: Account Number 241 755 298				
Cash book balance at beginning of year	-	152	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	-	152	-	-
Bank statement balance at end of year	-	-	-	-
DEAT - Coffee Bay				
Standard Bank – Mthatha West: Account Number 241 755 301				
Cash book balance at beginning of year	-	444	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	-	444	-	-
Bank statement balance at end of year	-	-	-	-
DEAT - Bee-keeping				
Standard Bank – Mthatha West: Account Number 241 755 271				
Cash book balance at beginning of year	-	(57)	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	-	(57)	-	-
Bank statement balance at end of year	-	-	-	-
DEAT - Road signage				
Standard Bank – Mthatha West: Account Number 241 755 707				
Cash book balance at beginning of year	-	515	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	-	515	-	-
Bank statement balance at end of year	-	-	-	-
DEAT - Ntsimbini Msikaba				
Standard Bank – Mthatha West: Account Number 241 755 336				
Cash book balance at beginning of year	-	140	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	-	140	-	-
Bank statement balance at end of year	-	-	-	-
DEAT - Ndwalane				
Standard Bank – Mthatha West: Account Number 241 755 328				
Cash book balance at beginning of year	-	113	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	-	113	-	-
Bank statement balance at end of year	-	-	-	-
DEAT - Road Signage				
Standard Bank – Mthatha West: Account Number 62189189585				
Cash book balance at beginning of year	-	-	-	-
Cash book balance at end of year	490	-	-	-
Bank statement balance at beginning of year	-	-	-	-
Bank statement balance at end of year	490	-	-	-
DEAT - Beekeeping				
Standard Bank – Mthatha West: Account Number 62189188553				
Cash book balance at beginning of year	-	-	-	-
Cash book balance at end of year	1 953	-	-	-
Bank statement balance at beginning of year	-	-	-	-
Bank statement balance at end of year	1 953	-	-	-

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	Group		Municipality	
	2009 R	2008 R	2009 R	2008 R
1 CASH AND CASH EQUIVALENTS (Cont..)				
Transport				
Standard Bank – Mthatha West: Account Number 240100204				
Cash book balance at beginning of year	15 786	21 524	-	-
Cash book balance at end of year	-	15 786	-	-
Bank statement balance at beginning of year	15 786	-	-	-
Bank statement balance at end of year	-	15 786	-	-
Ntinga Maize				
Meeg Bank – Mthatha Branch: Account Number 405 978 8120				
Cash book balance at beginning of year	484 245	665 631	-	-
Cash book balance at end of year	-	484 245	-	-
Bank statement balance at beginning of year	484 245	665 631	-	-
Bank statement balance at end of year	-	484 245	-	-
Umzikantu Red Meat Abattoir				
Meeg Bank – Mthatha Branch: Account Number 405 660 9389				
Cash book balance at beginning of year	8 148	-	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	1 947	-	-	-
Bank statement balance at end of year	-	-	-	-
Ikhwezi Farm				
Meeg Bank – Mthatha Branch: Account Number 405 642 3301				
Cash book balance at beginning of year	13 196	-	-	-
Cash book balance at end of year	-	-	-	-
Bank statement balance at beginning of year	23 095	-	-	-
Bank statement balance at end of year	-	-	-	-
Cash on hand (float)	7 842	3 107	-	-
Total cash and cash equivalents	89 681 299	111 274 643	72 629 560	100 649 794
Total bank overdraft	(435 793)	-	(222)	-

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	Group		Municipality	
	2009 R	2008 R	2009 R	2008 R
2 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS				
2.1 Trade receivables				
Gross balances				
Water	99 569 914	81 206 932	99 569 914	81 206 932
Sewerage	29 741 490	25 191 936	29 741 490	25 191 936
Total	129 311 403	106 398 868	129 311 403	106 398 868
Less: Provision for Bad Debt				
Water	(94 174 597)	(39 556 943)	(94 174 597)	(39 556 943)
Sewerage	(28 090 590)	(12 491 666)	(28 090 590)	(12 491 666)
Total	(122 265 187)	(52 048 609)	(122 265 187)	(52 048 609)
Net Balances				
Water	5 395 317	41 649 990	5 395 317	41 649 990
Sewerage	1 650 900	12 700 270	1 650 900	12 700 270
Total	7 046 216	54 350 259	7 046 216	54 350 259
Ageing of Consumer Debtors				
Current (0 – 30 days)	14 592 063	24 797 990	14 592 063	24 797 990
31 - 60 Days	4 335 755	3 671 751	4 335 755	3 671 751
61 - 90 Days	3 150 052	3 150 386	3 150 052	3 150 386
91 - 120 Days	2 661 839	2 739 691	2 661 839	2 739 691
121 - 365 Days	29 249 446	19 103 476	29 249 446	19 103 476
+ 365 Days	73 174 706	53 826 799	73 174 706	53 826 799
Total	127 163 861	107 290 093	127 163 861	107 290 093
Service debtors contain an amount of R2,147,542 that has been received in advance from some of the municipality's consumer debtors. To comply with basic disclosure norms this amount has been disclosed under creditors. Accordingly, therefore, this amount accounts for the difference between total service debtors and the age analysis.				
Summary of Debtors by Customer Classification				
General Consumers				
Current (0 – 30 days)	8 915 072	18 846 472	8 915 072	18 846 472
31 - 60 Days	2 724 610	2 790 531	2 724 610	2 790 531
61 - 90 Days	2 056 997	2 394 293	2 056 997	2 394 293
91 - 120 Days	2 038 501	2 082 165	2 038 501	2 082 165
121 - 365 Days	23 058 715	14 518 642	23 058 715	14 518 642
+ 365 Days	56 988 665	40 017 143	56 988 665	40 017 143
Sub-total	95 782 560	80 649 246	95 782 560	80 649 246
Less: Provision for doubtful debts	(92 092 773)	(39 556 942)	(92 092 773)	(39 556 942)
Total	3 689 787	41 092 304	3 689 787	41 092 304
Industrial / Commercial Consumers				
Current (0 – 30 days)	1 723 217	2 231 819	1 723 217	2 231 819
31 - 60 Days	565 031	330 457	565 031	330 457
61 - 90 Days	453 670	283 535	453 670	283 535
91 - 120 Days	377 756	246 572	377 756	246 572
121 - 365 Days	3 780 580	1 719 313	3 780 580	1 719 313
+ 365 Days	4 431 026	4 844 412	4 431 026	4 844 412
Sub-total	11 331 280	9 656 108	11 331 280	9 656 108
Less: Provision for doubtful debts	(10 894 770)	(4 684 376)	(10 894 770)	(4 684 376)
Total	436 510	4 971 732	436 510	4 971 732
National and Provincial Government Consumers				
Current (0 – 30 days)	3 953 774	3 719 699	3 953 774	3 719 699
31 - 60 Days	1 046 114	550 763	1 046 114	550 763
61 - 90 Days	639 385	472 558	639 385	472 558
91 - 120 Days	245 583	410 953	245 583	410 953
121 - 365 Days	2 410 150	2 865 521	2 410 150	2 865 521
+ 365 Days	11 755 016	8 074 020	11 755 016	8 074 020
Sub-total	20 050 022	16 093 514	20 050 022	16 093 514
Less: Provision for doubtful debts	(19 277 644)	(7 807 291)	(19 277 644)	(7 807 291)
Total	772 378	8 286 223	772 378	8 286 223
Total debtors by customer classification	4 898 675	54 350 260	4 898 675	54 350 260

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	Group		Municipality	
	2009 R	2008 R	2009 R	2008 R
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
3.1 Other receivables				
Gross balances				
Statutory debtors				
Levies	5 602 222	6 371 566	5 602 222	6 371 566
Less: Provision for Bad Debts				
Statutory debtors				
Levies	(5 602 222)	(5 734 409)	(5 602 222)	(5 734 409)
Net Balances				
Statutory debtors				
Levies	-	637 157	-	637 157
Net Sundry Debtors	85 264	1 264 353	-	1 168 641
Sundry Debtors	801 339	3 194 918	-	3 194 918
Less: Provision for Doubtful Debt	(736 226)	(2 026 277)	-	(2 026 277)
Prepayments	20 151	9 389	-	-
Other Debtors	-	86 323	-	-
Total other receivables from non-exchange transactions	85 264	1 901 510	-	1 805 798

3.2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	57 783 018	39 201 344	57 783 018	39 201 344
Total contribution to provision	70 643 698	18 581 674	70 084 391	18 581 674
Contributions to provision: trade debtors	70 216 578	16 241 964	70 216 578	16 241 964
Contributions to provision: other debtors	559 307	2 339 710	-	2 339 710
Doubtful debts written off against provision	-	-	-	-
Reversal of provision	(132 187)	-	(132 187)	-
Balance at end of year	128 426 716	57 783 018	127 867 409	57 783 018

Trade receivables impaired

As of 30 June 2009, trade and other receivables of R70 084 391 - (2008: R18 581 674) were impaired and provided for.
 The amount of the provision was R127 867 409 as at 30 June 2009 (2008: R57 783 290).

The fair value of trade receivables approximates their carrying amounts.

4 INVENTORIES

Opening balance of inventories:	15 412 899	5 651 572	15 365 838	5 579 822
Consumable stores - at cost	818 316	836 970	771 255	765 220
Maintenance materials - at cost	6 084 804	4 814 602	6 084 804	4 814 602
Water	8 509 779	-	8 509 779	-
Milk and maas	-	-	-	-
Merchandise	-	-	-	-
Additions:	13 160 585	12 320 906	10 687 217	12 158 972
Consumable stores	2 324 775	1 818 563	1 957 995	1 656 629
Maintenance materials	7 244 991	1 992 564	7 244 991	1 992 564
Water	1 484 231	8 509 779	1 484 231	8 509 779
Milk and maas	136 209	-	-	-
Merchandise	1 970 379	-	-	-
Issued (expensed):	(11 040 812)	(2 559 579)	(8 592 912)	(2 372 956)
Consumable stores	(2 540 287)	(1 837 217)	(2 197 949)	(1 650 594)
Maintenance materials	(6 394 758)	(722 362)	(6 394 758)	(722 362)
Water	-	-	-	-
Milk and maas	(135 501)	-	-	-
Merchandise	(1 970 266)	-	-	-
Closing balance of inventories:	17 532 672	15 412 899	17 460 348	15 365 838
Consumable stores	602 804	818 316	531 301	771 255
Maintenance materials	6 935 037	6 084 804	6 935 037	6 084 804
Water	9 994 010	8 509 779	9 994 010	8 509 779
Milk and maas	708	-	-	-
Merchandise	113	-	-	-

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	Group		Municipality	
	2009 R	2008 R	2009 R	2008 R
5 NON-CURRENT RECEIVABLES				
Car loans	51 445	51 445	51 445	51 445
Staff loans	142 965	232 878	142 965	232 878
Other non-current receivables	1 211 589	5 118 748	1 211 589	5 118 748
Less: Provision for doubtful debts	(103 675)	(2 026 276)	(103 675)	(2 026 276)
	1 302 324	3 376 795	1 302 324	3 376 795
Less : Current portion transferred to current receivables	(1 302 324)	(3 303 429)	(1 302 324)	(3 303 429)
Car loans	(51 445)	(51 445)	(51 445)	(51 445)
Staff loans	(142 965)	(232 879)	(142 965)	(232 879)
Other non-current receivables	(1 107 914)	(3 019 105)	(1 107 914)	(3 019 105)
Total	-	73 366	-	73 366
CURRENT PORTION - NON-CURRENT RECEIVABLES				
Car loans	51 445	51 445	51 445	51 445
Staff loans	142 965	232 878	142 965	232 878
Other non-current receivables	1 211 589	1 845 744	1 211 589	1 845 744
Provision for doubtful debts	(103 675)	(2 026 276)	(103 675)	(2 026 276)
Total	1 302 324	103 791	1 302 324	103 791

CAR LOANS

These are loans that were originally given to employees in 2006, payable within three years at no interest. The above employees are no longer working for the Municipality. Efforts are being made through the legal department to collect the amounts owing.

STAFF LOANS

Staff loans comprise interest-free study loans granted to employees. As a means to provide an incentive for employees to further their studies and training the municipality has a scheme whereby employees who are successful on their studies (pass rate on courses registered for per academic year) are not required to pay back the study loan and any amounts that would have been recovered from the employees through the payroll are paid back to them.

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	<u>Group</u> 2009 R	<u>Municipality</u> 2009 R
6 INTANGIBLE ASSETS		
Reconciliation of carrying value		
Computer Software		
As at 1 July 2008		
Cost	1 540 836	1 453 152
Correction of error: cost (note 34)	2 936 179	2 620 217
Correction of error: accumulated amortisation (note 34)	(528 602)	(528 602)
Accumulated amortisation and impairment losses	1 350 986	1 340 034
	(2 217 727)	(1 978 497)
Acquisitions	377 328	278 291
Amortisation	(857 617)	(746 808)
As at 30 June 2009	1 060 547	984 635
Cost	2 784 905	2 369 906
Accumulated amortisation and impairment losses	(1 724 358)	(1 385 271)
As at 01 July 2007	435 563	394 515
Cost	1 955 794	1 731 134
Correction of error: cost (note 32)	-	-
Correction of error: accumulated amortisation (note 32)	-	-
Accumulated amortisation and impairment losses	(1 520 231)	(1 336 619)
Acquisitions	980 385	889 083
Amortisation	(697 496)	(641 878)
As at 30 June 2008	1 540 836	1 453 152
Cost	2 936 179	2 620 217
Correction of error: cost (note 34)	(528 602)	(528 602)
Correction of error: accumulated amortisation (note 34)	1 350 986	1 340 034
Accumulated amortisation and impairment losses	(2 217 727)	(1 978 497)
Ward Based database		
As at 1 July 2008		
Cost	-	-
Accumulated amortisation and impairment losses	-	-
Acquisitions	5 063 150	5 063 150
Amortisation	(140 643)	(140 643)
As at 30 June 2009	4 922 507	4 922 507
Cost	5 063 150	5 063 150
Accumulated amortisation and impairment losses	(140 643)	(140 643)
Carrying value as at 30 June 2009	5 983 054	5 907 142
As at 01 July 2007	-	-
Cost	-	-
Accumulated amortisation and impairment losses	-	-
Acquisitions	-	-
Amortisation	-	-
As at 30 June 2008	-	-
Cost	-	-
Accumulated amortisation and impairment losses	-	-

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7 PROPERTY, PLANT AND EQUIPMENT

7.1	Reconciliation of Carrying Value: Municipality 2009	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets
		R	R	R	R	R	R	R
	01 July 2008	26 073 408	50 105 678	2 997 205 692	-	90 000	33 237 184	313 535
	Cost/Revaluation	27 415 588	46 661 999	-	4 494 369	90 000	76 698 057	2 068 162
	Correction of error (note 32)							
	Cost/Revaluation	(1 342 180)	9 250 482	4 341 385 130	(4 494 369)	-	(15 091 306)	(1 427 495)
	Accumulated depreciation	-	(2 682 929)	(1 344 179 438)	473 450	4 799	10 156 841	839 059
	Accumulated depreciation and impairment losses	-	(3 123 874)		(473 450)	(4 799)	(38 526 408)	(1 166 191)
	Acquisitions	-	2 253 867	229 469 907	-	-	11 780 124	26 649
	Revaluations	21 872 146	39 990 447	-	-	-	-	-
	Capital under Construction	-	-	-	-	-	55 450	-
	Other adjustments	-	5 806 803	-	-	-	-	-
	Depreciation	-	(2 613 627)	(115 852 231)	-	-	(8 036 019)	(145 488)
	Carrying value of disposals	-	-	-	-	-	-	-
	Cost/Revaluation	-	-	-	-	-	-	-
	Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
	(Impairment loss)/Reversal of impairment loss	(10 345 553)	(4 621 940)	-	-	-	(1 452 232)	-
	Transfers	-	-	-	-	-	-	-
	Other movements*	-	(5 806 803)	-	-	-	-	-
	30 June 2009	37 600 001	85 114 425	3 110 823 368	-	90 000	35 584 507	194 696
	Cost/Revaluation	47 945 554	92 349 992	4 570 855 037	-	90 000	73 442 325	667 316
	Accumulated depreciation and impairment losses	(10 345 553)	(7 235 567)	(1 460 031 669)	-	-	(37 857 818)	(472 620)

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7.2	Reconciliation of Carrying Value: Municipality 2008	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets
		R	R	R	R	R	R	R
	01 July 2007	1 342 180	17 112 967	-	3 537 230	88 201	29 208 099	1 243 861
	Cost/Revaluation	1 342 180	19 536 975	-	3 881 303	90 000	58 456 874	2 039 022
	Correction of error	-	-	-	-	-	-	-
	Change in accounting policy	-	-	-	-	-	-	-
	Accumulated depreciation and impairment losses	-	(2 424 008)	-	(344 073)	(1 799)	(29 248 775)	(795 161)
	Acquisitions	26 073 408	6 509 339	-	-	-	18 241 183	29 140
	Capital under Construction	-	20 615 685	-	613 066	-	-	-
	Depreciation	-	(699 866)	-	(129 377)	(3 000)	(9 277 633)	(371 030)
	Carrying value of disposals	-	-	-	-	-	-	-
	Cost/Revaluation	-	-	-	-	-	-	-
	Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
	Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
	Transfers	-	-	-	-	-	-	-
	*Other movements (Correction of error note 32)	(1 342 180)	6 567 553	2 997 205 692	(4 020 919)	4 799	(4 934 465)	(588 436)
	Cost/Revaluation	(1 342 180)	9 250 482	4 341 385 130	(4 494 369)	-	(15 091 306)	(1 427 495)
	Accumulated depreciation	-	(2 682 929)	(1 344 179 438)	473 450	4 799	10 156 841	839 059
	30 June 2008	26 073 408	50 105 678	2 997 205 692	-	90 000	33 237 184	313 535
	Cost/Revaluation	26 073 408	55 912 481	4 341 385 130	-	90 000	61 606 751	640 667
	Accumulated depreciation and impairment losses	-	(5 806 803)	(1 344 179 438)	-	-	(28 369 567)	(327 132)

Refer to Appendices B and C for more detail on property, plant and equipment.

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7.3 Reconciliation of Carrying Value - Group 2009	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets
	R	R	R	R	R	R	R
01 July 2008	26 323 408	50 105 678	2 997 205 692	-	90 000	35 993 398	1 130 275
Cost/Revaluation	27 415 588	46 661 999	-	17 652 044	90 000	82 483 589	4 065 155
Correction of error (note 32)							
Cost/Revaluation	(1 092 180)	9 250 482	4 341 385 130	(17 652 044)	-	(15 091 306)	(1 427 495)
Accumulated depreciation	-	(2 682 929)	(1 344 179 438)	7 613 023	4 799	10 211 726	861 855
Accumulated depreciation and impairment losses	-	(3 123 874)	-	(7 613 023)	(4 799)	(41 610 611)	(2 369 240)
Acquisitions	-	4 471 574	229 469 907	-	-	16 365 438	26 649
Revaluations	21 872 146	39 990 447	-	-	-	-	-
Capital under Construction	-	-	-	-	-	55 450	-
Other adjustments	-	5 806 803	-	-	-	-	-
Depreciation	-	(3 198 159)	(115 852 231)	-	-	(11 827 716)	(465 004)
Carrying value of disposals	-	-	-	-	-	(152 769)	-
Cost/Revaluation	-	-	-	-	-	(398 314)	-
Accumulated depreciation and impairment losses	-	-	-	-	-	245 545	-
(Impairment loss)/Reversal of impairment loss	(10 345 553)	(4 621 940)	-	-	-	(1 452 545)	-
Transfers	-	-	-	-	-	-	-
Other movements*	-	(5 806 803)	-	-	-	-	-
30 June 2009	37 850 001	86 747 600	3 110 823 368	-	90 000	38 981 256	691 920
Cost/Revaluation	48 195 554	94 567 699	4 570 855 037	-	90 000	83 414 857	2 664 309
Accumulated depreciation and impairment losses	(10 345 553)	(7 820 099)	(1 460 031 669)	-	-	(44 433 601)	(1 972 389)

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7.4 Reconciliation of Carrying Value - Group 2008	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets
	R	R	R	R	R	R	R
01 July 2007	1 342 180	17 112 967	-	10 647 559	88 201	31 983 072	2 357 324
Cost/Revaluation	1 342 180	19 536 975	-	16 311 415	90 000	63 643 224	4 036 015
Correction of error	-	-	-	-	-	-	-
Change in accounting policy	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(2 424 008)	-	(5 663 856)	(1 799)	(31 660 152)	(1 678 691)
Acquisitions	26 073 408	6 509 339	-	727 563	-	18 959 011	29 140
Capital under Construction	-	20 615 685	-	613 066	-	-	-
Depreciation	-	(699 866)	-	(1 949 167)	(3 000)	(10 031 450)	(690 549)
Carrying value of disposals	-	-	-	-	-	(37 655)	-
Cost/Revaluation	-	-	-	-	-	(118 646)	-
Accumulated depreciation and impairment losses	-	-	-	-	-	80 991	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
*Other movements (Correction of error note 32)	(1 092 180)	6 567 553	2 997 205 692	(10 039 021)	4 799	(4 879 580)	(565 640)
Cost/Revaluation	(1 092 180)	9 250 482	4 341 385 130	(17 652 044)	-	(15 091 306)	(1 427 495)
Accumulated depreciation	-	(2 682 929)	(1 344 179 438)	7 613 023	4 799	10 211 726	861 855
30 June 2008	26 323 408	50 105 678	2 997 205 692	-	90 000	35 993 398	1 130 275
Cost/Revaluation	26 323 408	55 912 481	4 341 385 130	-	90 000	67 392 283	2 637 660
Accumulated depreciation and impairment losses	-	(5 806 803)	(1 344 179 438)	-	-	(31 398 885)	(1 507 385)

7.5 Details of valuation

The effective date of the revaluations was 30 June 2009. Revaluations were performed by independent professional valuers, Mr Charl Kruger (National Diploma in Property Valuers), Gesina de Sousa independent candidate valuer, Letlaka Ndamase an Valuers), mase an independent professional associated valuer (Valuation Network Property Valuers and Consultants). Valuation Network Property Valuers and Consultants is not connected to the entity.

Land and buildings are re-valued independently every 5 years. The valuation was performed using the market value method and the following assumptions were used: The income capitalisation approach used to value income producing properties and it is based on the assumption that the purchaser will pay no more for a property with a certain income flow with similar risks and benefits than for an investment elsewhere. The net income stream is converted into a present value through the capitalisation process. The capitalisation rate of return which will be required by the owner from an investment if that investment were fully let to tenants paying market related rentals with market escalation rates.

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Total
R
3 107 025 497
157 428 175
4 328 280 262
(1 335 388 218)
(43 294 722)
243 530 547
61 862 593
55 450
5 806 803
(126 647 365)
-
-
-
(16 419 725)
-
(5 806 803)
3 269 406 997
4 785 350 224
(1 515 943 227)

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Total
R
52 532 538
85 346 354
-
-
(32 813 816)
50 853 070
21 228 751
(10 480 906)
-
-
-
-
2 992 892 044
4 328 280 262
(1 335 388 218)
3 107 025 497
4 485 708 437
(1 378 682 940)

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Total
R
3 110 848 451
178 368 375
4 315 372 587
(1 328 170 964)
(54 721 547)
250 333 568
61 862 593
55 450
5 806 803
(131 343 110)
(152 769)
(398 314)
245 545
(16 420 038)
-
(5 806 803)
3 275 184 145
4 799 787 456
(1 524 603 311)

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Total
R
63 531 303
104 959 809
-
-
(41 428 506)
52 298 461
21 228 751
(13 374 032)
(37 655)
(118 646)
80 991
-
-
2 987 201 623
4 315 372 587
(1 328 170 964)
3 110 848 451
4 493 740 962
(1 382 892 511)

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8 BIOLOGICAL ASSETS

8.1 Reconciliation of Carrying Value - Municipality 2009	Trees in plantation	Cows	Bulls	Calves	Heifers	Steers	Sheep	Goats	Total
	R	R	R	R	R	R			R
as at 1 July 2008	4 950 000	2 559 358	216 667	493 917	43 750	486 958	-	-	8 750 650
Cost/Valuation	4 950 000	2 559 358	216 667	493 917	43 750	486 958	-	-	8 750 650
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
Additions	-	-	-	606 170	175 000	-	-	-	781 170
Decrease due to harvest/sales	-	(264 934)	(8 333)	-	-	(470 969)	-	-	(744 235)
Decrease due to deaths	-	(219 945)	(50 000)	(33 676)	(17 500)	(26 165)	-	-	(347 286)
Gains from changes in fair value	-	602 612	31 651	-	103 131	350 228	-	-	1 087 622
Losses from changes in fair value	-	-	-	(246 109)	-	-	-	-	(246 109)
Transfer of calves to steers and heifers	-	-	-	(708 802)	-	-	-	-	(708 802)
Transfers from calves (weaned)	-	-	-	-	732 083	277 639	-	-	1 009 722
Carrying value of disposals	-	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
as at 30 June 2009	4 950 000	2 677 092	189 985	111 500	1 036 464	617 692	-	-	9 582 733
Cost/Valuation	4 950 000	2 677 092	189 985	111 500	1 036 464	617 692	-	-	9 582 733
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-

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8.1 Reconciliation of Carrying Value - Municipality 2008	Trees in plantation	Cows	Bulls	Calves	Heifers	Steers	Sheep	Goats	Total
	R	R	R	R	R	R			R
as at 1 July 2007	-	-	-	-	-	-	-	-	-
Additions	4 950 000	2 559 358	216 667	493 917	43 750	486 958	-	-	8 750 650
Decrease due to harvest/sales	-	-	-	-	-	-	-	-	-
Decrease due to deaths	-	-	-	-	-	-	-	-	-
Gains/(losses) from changes in fair value	-	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
as at 30 June 2008	4 950 000	2 559 358	216 667	493 917	43 750	486 958	-	-	8 750 650
Cost/Valuation	4 950 000	2 559 358	216 667	493 917	43 750	486 958	-	-	8 750 650
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-

8.2 Non-financial information

Quantities of each biological asset: Municipality

	Trees in plantation	Cows	Bulls	Calves	Heifers	Steers	Total
	R	R	R	R	R	R	R
as at 1 July 2008	19800	512	26	308	15	335	20996
Trees	19800	-	-	-	-	-	19800
Livestock	-	512	26	308	15	335	1196
Additions							
Newborn calves during the year	-	-	-	378	-	-	378
Purchases	-	-	-	-	35	-	35
Decrease due to harvest/sale	-	(53)	(1)	-	-	(324)	(378)
Decrease due to death	-	(44)	(6)	(21)	(6)	(18)	(95)
Transfers of calves to steers and heifers	-	-	-	-	251	191	442
Transfers from calves (weaned)	-	-	-	(442)	-	-	(442)
as at 30 June 2009	19800	415	19	223	295	184	20936
Trees	19800	-	-	-	-	-	19800
Livestock	-	415	19	223	295	184	1136

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8.3 Reconciliation of Carrying Value - Group 2009

	Trees in plantation	Cows	Bulls	Calves	Heifers	Steers	Sheep	Goats	Total
	R	R	R	R	R	R			R
as at 1 July 2008	4 950 000	3 874 792	216 667	493 917	43 750	486 958	143 350	54 280	10 263 714
Cost/Valuation	4 950 000	3 874 792	216 667	493 917	43 750	486 958	143 350	54 280	10 263 714
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
Additions	-	663 612	-	823 570	175 000	-	24 000	49 900	1 736 082
Decrease due to harvest/sales	-	(264 934)	(8 333)	-	-	(470 969)	-	-	(744 235)
Decrease due to deaths	-	(258 145)	(50 000)	(33 676)	(17 500)	(26 165)	(12 600)	(3 600)	(401 686)
Gains from changes in fair value	-	602 612	31 651	-	103 131	350 228	-	9 781	1 097 404
Losses from changes in fair value	-	-	(134 497)	(246 109)	-	-	(560)	-	(381 166)
Transfer of calves to steers and heifers	-	-	-	(708 802)	-	-	-	-	(708 802)
Transfers from calves (weaned)	-	-	-	-	732 083	277 639	-	-	1 009 722
Carrying value of disposals	-	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
as at 30 June 2009	4 950 000	4 617 938	55 488	328 901	1 036 464	617 692	154 190	110 361	11 871 034
Cost/Valuation	4 950 000	4 617 938	55 488	328 901	1 036 464	617 692	154 190	110 361	11 871 034
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-

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8.3 Reconciliation of Carrying Value - Group 2008	Trees in plantation	Cows	Bulls	Calves	Heifers	Steers	Sheep	Goats	Total
	R	R	R	R	R	R			R
as at 1 July 2007	-	-	-	-	-	-	-	-	-
Additions	4 950 000	3 874 792	216 667	493 917	43 750	486 958	143 350	54 280	10 263 714
Decrease due to harvest/sales	-	-	-	-	-	-	-	-	-
Decrease due to deaths	-	-	-	-	-	-	-	-	-
Gains/(losses) from changes in fair value	-	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
as at 30 June 2008	4 950 000	3 874 792	216 667	493 917	43 750	486 958	143 350	54 280	10 263 714
Cost/Valuation	4 950 000	3 874 792	216 667	493 917	43 750	486 958	143 350	54 280	10 263 714
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-

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8.4 Non-financial information: Group

Quantities of each biological asset

	Trees in plantation R	Cows R	Bulls R	Calves R	Heifers R	Steers R	Sheep	Goats	Total R
as at 1 July 2008	19800	719	26	308	15	335	86	63	21352
Trees	19800	-	-	-	-	-	-	-	19800
Livestock	-	719	26	308	15	335	86	63	1552
Additions									
Newborn calves during the year	-	-	-	433	-	-	-	-	433
Purchases	-	29	-	-	35	-	30	-	94
	-	-	-	-	-	-	-	-	-
Decrease due to harvest/sale	-	(53)	(1)	-	-	(324)	-	-	(378)
Decrease due to death	-	(84)	(6)	(21)	(6)	(18)	(42)	(12)	(189)
Transfers of calves to steers and heifers	-	-	-	-	251	191	-	-	442
Transfers from calves (weaned)	-	-	-	(442)	-	-	-	-	(442)
as at 30 June 2009	19800	611	19	278	295	184	74	51	21312
Trees	19800	-	-	-	-	-	-	-	19800
Livestock	-	611	19	278	295	184	74	51	1512

8.5 Operations and Principal Activities

The Adam Kok farms are utilised both for livestock production and for the production of fruit. At 30 June 2009, the farm held 415 Cows, 19 Bulls, 223 Calves being raised to be Steers and Heifers being respectively 295 Heifers and 184 Steers. The livestock is valued at fair market value (valued by Sworn Appraiser) less point of sale costs. The Ntinga O.R. Tambo Development Agency (the agency) through its decentralised operations holds livestock for experimental and educational purposes with the intent of assisting the respective communities with sustainable livestock farming. The Ikhwezi Farm is used for milk production. At 30 June 2009, the agency operations held 74 sheep, 51 goats and 251 cattle. A mass plantation of peach and apple fruit trees are held for the production of fruit, covering a total area of 18 hectares.

8.6 Biological assets pledged as security

No biological assets were pledged as security.

8.7 Assets carried at cost and accumulated depreciation and impairment losses

Biological assets are carried at fair value.

8.8 Methods and assumptions used in determining the fair value

Cattle are valued at the prevailing market rates, as determined by breed, genetic merit and age less point of sale costs. Fruit trees are valued by way of on arms length transaction that would have been applied / prevailing in replacing the existing fruit trees with fruit trees