

**Engcobo Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

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# Annual Financial Statements

for

## **Engcobo Local Municipality**

for the year ended 30 June: **2010**

Province:

Eastern Cape

AFS rounding:

**R (i.e. only cents)**

<b>Contact Information:</b>	
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**Engcobo Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

**General information (continued)**

<b>Registered Office:</b>	N/A
<b>Physical address:</b>	54 Union Street Engcobo 5050
<b>Postal address:</b>	P.O. Box 24 Engcobo 5050
<b>Telephone number:</b>	(047) 548 1221
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**Engcobo Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 36, 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 note 17 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:**

***31 August 2010***

**Engcobo Local Municipality**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2010

	Note	2010 R	2009 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	13 435 244	9 274 707
Trade and other receivables from exchange transactions	2	148 920	433 563
Other receivables from non-exchange transactions	3	71 080	1 212 257
Current portion of receivables	4	-	54 079
VAT receivable	7	3 934 697	3 133 931
<b>Total assets</b>		<b>17 589 941</b>	<b>14 108 537</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	6	2 994 846	1 347 117
Bank overdraft	1	-	833 885
Current portion of unspent conditional grants and receipts	8	14 314 322	9 009 169
Current portion of borrowings	9	26 364	1 333 333
<b>Total liabilities</b>		<b>17 335 532</b>	<b>12 523 504</b>
<b>Net assets</b>		<b>254 409</b>	<b>1 585 033</b>
<b>NET ASSETS</b>			
Accumulated surplus		254 409	1 585 033
<b>Total net assets</b>		<b>254 409</b>	<b>1 585 033</b>

**Engcobo Local Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2010

	Note	2010 R	2009 R
<b>Revenue</b>			
Property rates	11	3 446 589	1 451 388
Service charges	12	587 933	608 537
Rental of facilities and equipment	13	79 498	107 332
Interest earned - external investments	14	1 266 843	497 674
Fines		254 175	45 650
Licences and permits		1 699 202	1 634 582
Government grants and subsidies	15	117 698 098	39 741 790
Public contributions and donations	32	-	500
Other income	16	2 959 005	2 715 185
<b>Total revenue</b>		<b>127 991 343</b>	<b>46 802 637</b>
<b>Expenses</b>			
Employee related costs	17	18 411 584	15 347 525
Remuneration of councillors	18	6 772 962	5 941 971
Repairs and maintenance		2 322 518	1 062 443
General expenses	19	87 838 622	16 313 717
<b>Total expenses</b>		<b>115 345 686</b>	<b>38 665 656</b>
Gain / (loss) on sale of assets	20	-	(7 952 030)
<b>Surplus / (deficit) for the period</b>		<b>12 645 657</b>	<b>184 951</b>

**Engcobo Local Municipality**  
**CASH FLOW STATEMENT**  
as at 30 June 2010

	Note	2010 R	2009 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		128 670 476	50 305 695
Taxation		3 446 589	1 451 388
Sales of goods and services		587 933	608 537
Grants		117 698 098	39 741 790
Interest received		1 266 843	497 674
Other receipts		5 671 014	8 006 307
Payments		109 699 772	46 456 532
Employee costs		25 184 545	21 289 496
Suppliers		87 838 622	16 313 717
Interest paid		-	-
Other payments		(3 323 395)	8 853 319
<b>Net cash flows from operating activities</b>	21	<b>18 970 705</b>	<b>3 849 163</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(14 271 219)	83 603 111
Proceeds from sale of fixed assets		-	(7 952 030)
Proceeds from sale of investments		-	-
Purchase of foreign currency securities		-	-
<b>Net cash flows from investing activities</b>		<b>(14 271 219)</b>	<b>75 651 081</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from finance lease liability		-	-
Increase/(decrease) in accumulated surplus and funds		294 936	(80 203 844)
<b>Net cash flows from financing activities</b>		<b>294 936</b>	<b>(80 203 844)</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		4 994 422	(703 600)
<b>Net cash and cash equivalents at beginning of period</b>		8 440 822	9 144 422
<b>Net cash and cash equivalents at end of period</b>	22	<b>13 435 244</b>	<b>8 440 822</b>



**Engcobo Local Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2010

		Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
	Note	R	R	R	R	R
<b>Balance at 30 June 2008</b>		-		-	<b>80 651 176</b>	80 651 176
Correction of prior period error - Directive 4	23				(83 674 557)	(83 674 557)
Correction of prior period error - other	24				4 423 463	4 423 463
<b>Restated balance</b>		-	-	-	<b>1 400 082</b>	1 400 082
Surplus / (deficit) for the period					184 951	184 951
<b>Balance at 30 June 2009</b>		-	-	-	<b>1 585 033</b>	<b>1 585 033</b>
Effect of Prior Period Error - Directive 4 on the current year	23				(13 976 281)	(13 976 281)
Surplus / (deficit) for the period					12 645 657	12 645 657
<b>Balance at 30 June 2010</b>		-	-	-	<b>254 409</b>	<b>254 409</b>

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**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 EXEMPTIONS TAKEN ACCORDING TO DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES**

The following are the principal accounting policies affected by the Directive 4 which are, in all material respects, consistent with the deviation in applying some standards of Generally Recognised Accounting Practices (GRAP).

**a) GRAP 19 -Provisions, Contingent Liabilities and Contingent Assets**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure provisions, contingent liabilities or contingent assets. Similarly as per directive 4 the Municipality has not complied with the presentation and disclosure requirements of GRAP 19.

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

**b) GRAP 100 -Non-current assets and discontinued operations**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**c) GRAP 17 -Property, Plant and Equipment**

The Municipality has taken an advantage of the transitional provisions set out in Directive 4. As the Municipality has taken advantage of GRAP 17 transitional provision regarding the recognition of Property Plant and Equipment. This transitional provision is still available in terms of Directive 4. Furthermore the Municipality has taken advantage of the measurement of transitional provision of Directive 4 and further more presentation and disclosure transitional provisions set out in the said Directive.

This transitional provision impacts on the measurement; recognition and disclosure of following classes of Property Plant and Equipment:

- Land and Building
- Community Assets
- Heritage Assets
- Other

The Municipality is in the process of identifying and itemizing all infrastructure and community assets and other property, plant and equipment and will recalculate depreciation once this exercise has been completed by 30 June 2011. We will also address the following:

- Review of useful life of item of PPE recognized in the Annual Financial Statements.
- Review of the depreciation method applied to PPE recognized in the Annual Financial
- Impairment of non-cash generating assets.
- Impairment of cash-generating assets.

**d) GRAP 16 - Investment Properties**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the Investment Properties, including land for undetermined use and property plant and Equipment held for capital appreciation or rental income. Similarly the municipality has taken advantage of presentation and disclosure of transitional provision in Directive 4

The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the subsequent financial statements.

**e) GRAP 102 - Intangible Assets**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Intangible Assets in accordance with the standard, including the following:

- Computer Software;
- Intangible assets financed by way of finance leases;
- Intangible assets transferred as a result of the transfer of functions;
- and

The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**f) GRAP 12 - Inventories**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality

- Stationeries, Maintenance materials and Cleaning materials
- Land held for sale; and any other inventory item.

The municipality is currently in a process of identifying all inventories which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the subsequent financial statements.

**1.3 PRESENTATION CURRENCY**

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

**1.4 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.

**1.5 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

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.

**1.6 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 18 Segment Reporting - issued March 2005  
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued  
GRAP 24 Presentation of Budget Information in Financial Statements - issued November  
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

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**GRAP 18 Segment Reporting - issued March 2005**

Nature of impending changes in accounting policy:

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions on the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after a date to be determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when it is effective.

Impact on the municipality's financial statements once implemented:

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 21 Impairment of Non-Cash Generating Assets - issued March 2009**

Nature of impending changes in accounting policy:

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The effective date of the standard is for years beginning on or after a date to be determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when it is effective.

Impact on the municipality's financial statements once implemented:  
The municipality is unable to reliably estimate the impact of the standard on the financial statements.

**GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued**

Nature of impending changes in accounting policy:

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to

The effective date of the standard is for years beginning on or after a date to be determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when it is effective.

Impact on the municipality's financial statements once implemented:  
The municipality is unable to reliably estimate the impact of the standard on the financial statements.

**GRAP 24 Presentation of Budget Information in Financial Statements - issued**

Nature of impending changes in accounting policy:

budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;

Where an entity prepares its budget and financial statements on a comparable basis, it includes the comparison as an additional column in the primary financial statements. Where the budget and financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the financial statements adjusted to be comparable to the budget.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

A comparable basis means that the budget and financial statements:

The effective date of the standard is for years beginning on or after a date to be determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when it is effective.

Impact on the municipality's financial statements once implemented:

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

**GRAP 26 Impairment of Cash Generating Assets - issued March 2009**

Nature of impending changes in accounting policy:

The objective of this Standard is to prescribe the procedures that an entity applies to determine whether a cash-generating asset is impaired and to ensure that impairment losses are recognised. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures.

The effective date of the standard is for years beginning on or after a date to be determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when it is effective.

Impact on the municipality's financial statements once implemented:

The municipality is unable to reliably estimate the impact of the standard on the financial statements.

**GRAP 103 Heritage Assets - issued July 2008**

Nature of impending changes in accounting policy:

Grp 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets. hat have been impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes receivable.

Grp 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grp 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grp 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should

The carrying amount of a heritage asset should be derecognised:

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after a date to be determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when it is effective.



**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

Impact on the municipality's financial statements once implemented:

The municipality is unable to reliably estimate the impact of the standard on the financial statements.

**IAS 19 Employee Benefits - effective 1 January 2009**

Nature of impending changes in accounting policy:

With regards to curtailments and negative past service costs clarification has been made that:

- When a plan amendment reduces benefits, the effect of the reduction for future service is a curtailment and the effect of any reduction for past service is a negative past service cost;
- Negative past service cost arises when a change in the benefits attributable to past service results in a reduction in the present value of the defined benefit obligation; and
- A curtailment may arise from a reduction in the extent to which future salary increases are linked to the benefits payable for past service.

The definition of 'return on plan assets' has also been amended to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the actuarial assumptions used to measure the defined benefit obligation.

The term "fall due" in the definition of "short term employee benefits" has been replaced with "due to be settled"

The effective date of the amendment is for years beginning on or after 1 January 2009.

The municipality expects to adopt the amendment for the first time in the 2011 financial statements.

Impact on the municipality's financial statements once implemented:

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

**IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009**

Nature of impending changes in accounting policy:

IFRIC 17 clarifies that:

The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation.

The effective date of the amendment is for years beginning on or after 1 July 2009.

It is unlikely that the interpretation will have an impact on the municipality's financial statements.

Impact on the municipality's financial statements once implemented:

The municipality is unable to reliably estimate the impact of the standard on the financial statements.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**2 PROPERTY, PLANT AND EQUIPMENT**

The Municipality has applied the provisions of Directive 4 relating to property, plant and equipment. All items of property, plant and equipment have thus been measured at Rnil in the current year financial statements. Comparative figures have been adjusted

**3 INTANGIBLE ASSETS**

The Municipality has applied the provisions of Directive 4 relating to intangible assets. All intangibles have thus been measured at Rnil in the current year financial statements. Comparative figures have been adjusted accordingly.

**4 INVESTMENT PROPERTY**

The Municipality has applied the provisions of Directive 4 relating to investment property. All investment properties have thus been measured at Rnil in the current year financial statements. Comparative figures have been adjusted accordingly.

**5 FINANCIAL INSTRUMENTS**

**5.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

**5.2 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.

**5.2.1 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. 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 30 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.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**5.2.2 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. 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.

**5.2.3 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). 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.

**6 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 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.

**7 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.

**8 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.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**9 REVENUE**

**9.1 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 electricity and water are based on consumption. Meters are read on a quarterly 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

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

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.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**9.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

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 deferred income (liability) is recognised.

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.

**9.3 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

**10 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.

**Engcobo Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2010

**11 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Municipality contributes to the SAMWU Provident Fund and the Cape Joint Pension Fund on behalf of its employees, and to the Councillors' Pension Fund on behalf of its councillors.. The funds are all Defined Contribution Plans as defined.

**Engcobo Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b>1 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of the following:		
Cash on hand	-	-
Cash at bank	-	(833 885)
Call deposits	13 435 244	9 274 707
	13 435 244	8 440 822
The Municipality has the following bank accounts: -		
<b><u>Current Account (Primary Bank Account)</u></b>		
First National Bank Limited - Engcobo Branch: Account Number 52171242061		
Cash book balance at beginning of year	(829 386)	98 299
Cash book balance at end of year	22 091	(829 386)
Bank statement balance at beginning of year	2 623 485	2 236 775
Bank statement balance at end of year	146 279	2 623 485
<b><u>Current Account (Other Account)</u></b>		
Meeg Bank Limited - Engcobo Branch: Account Number 40-5537-0884		
Meeg Bank Limited - Engcobo Branch: Account Number 40-6890-4505		
Cash book balance at beginning of year	(4 499)	725 686
Cash book balance at end of year	-	(4 499)
Bank statement balance at beginning of year	1	113 637
Bank statement balance at end of year	1	1
	13 435 244	9 274 707
All deposits are held at ABSA Bank and First National Bank, and earn interest at rates linked to prime.		
<b><u>Cash on hand</u></b>		
	-	-
Total cash and cash equivalents	13 435 244	9 274 707
Total bank overdraft	-	(833 885)

	Gross Balances	Provision for Doubtful Debts	Net Balance
	R	R	R
<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>			
<b><u>Trade receivables</u></b>			
<b>as at 30 June 2010</b>			
Service debtors			
Rates	2 020 275	(2 012 288)	7 987
Refuse	621 465	(500 639)	120 826
<b>Total</b>	<b>2 641 740</b>	<b>(2 512 927)</b>	<b>128 813</b>
<b><u>Rental Debtors</u></b>	223 539	(203 432)	20 107
<b>Total</b>	<b>2 865 279</b>	<b>(2 716 359)</b>	<b>148 920</b>
<b>as at 30 June 2009</b>			
Service debtors			
Rates	1 117 845	(1 022 258)	95 587
Refuse	546 410	(212 034)	334 376
<b>Total</b>	<b>1 664 255</b>	<b>(1 234 292)</b>	<b>429 963</b>
<b><u>Rental Debtors</u></b>	207 032	(203 432)	3 600
<b>Total</b>	<b>1 871 287</b>	<b>(1 437 724)</b>	<b>433 563</b>

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b><u>Rates: Ageing</u></b>		
Current (0 – 30 days)	7 987	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	3 811	-
121 - 365 Days	2 008 477	1 117 845
+ 365 Days	-	-
<b>Total</b>	<b>2 020 275</b>	<b>1 117 845</b>

<b><u>Refuse: Ageing</u></b>		
Current (0 – 30 days)	77 859	85 326
31 - 60 Days	24 469	19 440
61 - 90 Days	18 498	17 642
91 - 120 Days	16 705	15 586
121 - 365 Days	483 934	408 416
+ 365 Days	-	-
<b>Total</b>	<b>621 465</b>	<b>546 410</b>

**Summary of Debtors by Customer Classification**

	Consumers  R	Industrial / Commercial  R	National and Provincial Government  R
<b>as at 30 June 2010</b>			
Current (0 – 30 days)	131 744	132 831	45 699
31 - 60 Days	60 695	44 140	18 392
61 - 90 Days	48 041	27 112	5 463
91 - 120 Days	41 390	29 340	5 798
121 - 365 Days	2 221 067	1 443 156	319 608
+ 365 Days	-	-	-
Sub-total	<b>2 502 937</b>	<b>1 676 579</b>	<b>394 960</b>
Less: Provision for doubtful debts	(1 374 955)	(921 006)	(216 966)
<b>Total debtors by customer classification</b>	<b>1 127 982</b>	<b>755 573</b>	<b>177 994</b>

<b>as at 30 June 2009</b>			
Current (0 – 30 days)	39 657	39 766	5 903
31 - 60 Days	10 507	7 436	1 496
61 - 90 Days	9 738	6 939	965
91 - 120 Days	8 582	6 211	794
121 - 365 Days	1 049 083	430 171	47 008
+ 365 Days	-	-	-
Sub-total	<b>1 117 567</b>	<b>490 522</b>	<b>56 166</b>
Less: Provision for doubtful debts	(953 887)	(280 405)	-
<b>Total debtors by customer classification</b>	<b>163 680</b>	<b>210 117</b>	<b>56 166</b>

The Municipality's policy with regards to doubtful debts is to provide for all debts that are older than 90 days.

**2 Reconciliation of the doubtful debt provision**

Balance at beginning of the year	1 437 724	1 022 258
Contributions to provision	1 278 635	859 241
Doubtful debts written off against provision	-	-
Reversal of provision	-	(443 775)
<b>Balance at end of year</b>	<b>2 716 359</b>	<b>1 437 724</b>

**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2010, no debtors (2009: R 141,205) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	-	19 440
2 months past due	-	17 642
3 months past due	-	104 123



**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

<b>2010</b>	<b>2009</b>
<b>R</b>	<b>R</b>

**Trade and other receivables impaired**

As of 30 June 2010, trade and other receivables of R 4,275,906 (2009: R 1,437,724) were impaired and provided for.

The amount of the provision was R 4,275,906 as of 30 June 2010 (2009: R 1,437,724).

The ageing of these receivables is as follows:

3 to 6 months	2 716 359	1 437 724
Over 6 months	-	-

The fair value of trade and other receivables approximates their carrying amounts.

**3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Creditors with debit balances	71 080	-
Other debtors - CHDM	-	1 212 257
<b>Total Other Debtors</b>	<b>71 080</b>	<b>1 212 257</b>

**4 NON-CURRENT RECEIVABLES**

Car loans	-	54 079
	-	54 079
Less : Current portion transferred to current receivables	-	(54 079)
Car loans	-	(54 079)
<b>Total</b>	-	-

**CAR LOANS**

Senior staff was entitled to car loans which attracted interest at 19% per annum and which were repayable over a maximum period of 4 years. These loans were repayable in 2008/09 financial year.

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

**5 PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Infrastructur e	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>5.1 Reconciliation of Carrying Value</b>								
<b>as at 1 July 2009</b>	-	-	-	-	-	-	-	-
Cost/Revaluation	510 000	8 370 303	74 753 697	9 307 497	-	18 848 326	-	111 789 823
Change in accounting policy (note 22)	(510 000)	(8 370 303)	(74 753 697)	(9 307 497)	-	(18 848 326)	-	(111 789 823)
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
<b>as at 30 June 2010</b>	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-

	Land	Buildings	Infrastructur e	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>5.1 Reconciliation of Carrying Value</b>								
<b>as at 1 July 2008</b>	-	-	-	-	-	-	-	-
Cost/Revaluation	510 000	8 274 286	77 727 495	9 258 601	-	20 562 910	-	116 333 292
Correction of error (note 23)	-	-	-	-	-	18 289	-	18 289
Change in accounting policy (note 22)	(510 000)	(8 274 286)	(77 727 495)	(9 258 601)	-	(20 581 199)	-	(116 351 581)
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
<b>as at 30 June 2009</b>	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>6 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Other creditors	938 756	1 347 117
Staff leave accrual	1 984 923	-
Debtors with credit balances	71 166	-
<b>Total creditors</b>	<b>2 994 846</b>	<b>1 347 117</b>

The fair value of trade and other payables approximates their carrying amounts.

Accruals totalling R 646,340.63 (2009: R 21,242,948.27) were in existence at year end.

**7 VAT RECEIVABLE**

VAT receivable	3 934 697	3 133 931
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**8.1 Unspent Conditional Grants from other spheres of Government**

MIG Grants	12 069 192	5 664 973
Other	2 245 130	3 344 196
<b>Total Unspent Conditional Grants and Receipts</b>	<b>14 314 322</b>	<b>9 009 169</b>

**Non-current unspent conditional grants and receipts**

**Current portion of unspent conditional grants and receipts**

	-	-
	<b>14 314 322</b>	<b>9 009 169</b>

See Note 15 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

**9 BORROWINGS**

Other borrowings	26 364	1 333 333
	<b>26 364</b>	<b>1 333 333</b>
Less : Current portion transferred to current liabilities	(26 364)	(1 333 333)
Other borrowings	(26 364)	(1 333 333)
<b>Total borrowings</b>	-	-

Refer to Appendix A for more detail on borrowings.

**10 NON-CURRENT PROVISIONS**

Provision for rehabilitation of landfill sites

**Total Non-Current Provisions**

	-	-
	-	-

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The Municipality does not have any obligations in respect of any landfill sites.

The movement in the non-current provision is reconciled as follows: -

Provision for rehabilitation of landfill sites:

**Balance at the beginning of year**

Contributions to provision

Expenditure incurred

Increase in provision due to discounting

Transfer to current provisions

**Balance at the end of year**

	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

Provision for long-service awards:

**Balance at the beginning of year**

Contributions to provision

Expenditure incurred

Increase in provision due to discounting

Transfer to current provisions

**Balance at the end of year**

	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

**Engcobo Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>11 PROPERTY RATES</b>		
<b>Actual</b>		
Residential	1 250 712	714 971
Commercial	1 588 212	732 542
State	607 665	3 874
<b>Total property rates</b>	<b>3 446 589</b>	<b>1 451 388</b>
Property rates - penalties imposed and collection charges	-	-
<b>Total</b>	<b>3 446 589</b>	<b>1 451 388</b>
<b>Valuations</b>		
Residential	108 467 780	52 445 750
Commercial	137 737 400	53 611 863
State	52 699 560	354 447
Municipal	13 517 423	10 785 380
<b>Total Property Valuations</b>	<b>312 422 163</b>	<b>117 197 440</b>
<p>Valuations on land and buildings are performed every four years. The last valuation came into effect on 2 July 2008.</p> <p>A general rate of R0.0132 (2008: R0.01391282) is applied to property valuations to determine assessment rates. Rebates of 20% are granted to state property owners. Rates are levied on an annual basis on property owners.</p> <p>Rates are levied on an annual basis with the final date of payment being 30 June 2010 (2009: 30 June).</p>		
<b>12 SERVICE CHARGES</b>		
Refuse removal	587 933	608 537
<b>Total Service Charges</b>	<b>587 933</b>	<b>608 537</b>
<b>13 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental of facilities	79 498	107 332
<b>Total rentals</b>	<b>79 498</b>	<b>107 332</b>
<b>14 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	1 266 843	497 674
<b>Total interest</b>	<b>1 266 843</b>	<b>497 674</b>
<b>15 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	38 441 250	28 890 412
MIG Grant	11 657 781	8 098 506
Other Government Grants and Subsidies	67 599 066	2 752 872
<b>Total Government Grant and Subsidies</b>	<b>117 698 098</b>	<b>39 741 790</b>
<b>15.1 Equitable Share</b>		
<p>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of 50% of basic charge for water and sanitation and 6 kilolitres of free water, which is funded from the grant.</p>		
<b>15.2 MIG Grant</b>		
<b>Balance unspent at beginning of year</b>	5 664 973	245 503
Current year receipts	18 062 000	13 517 976
Conditions met - transferred to revenue	(11 657 781)	(8 098 506)
<b>Conditions still to be met - remain liabilities (see note 8)</b>	<b>12 069 192</b>	<b>5 664 973</b>
<b>15.3 Other Government Grants and Subsidies</b>		
<b>Balance unspent at beginning of year</b>	3 344 196	3 802 068
Current year receipts	66 500 000	2 235 000
Conditions met - transferred to revenue	(67 599 066)	(2 692 872)
<b>Conditions still to be met - remain liabilities (see note 8)</b>	<b>2 245 130</b>	<b>3 344 196</b>

**Engcobo Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>15.4 Changes in levels of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act 2 of 2008), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>16 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
<b>16.1 Other income</b>	2 959 005	2 715 185
<b>Total Other Income</b>	<b>2 959 005</b>	<b>2 715 185</b>

**17 EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	10 507 936	8 915 093
Employee related costs - Contributions for UIF, pensions and medical aids	2 433 592	2 157 219
Travel, motor car, accommodation, subsistence and other allowances	1 785 753	945 714
Housing benefits and allowances	48 740	38 060
Overtime payments	159 730	143 050
Performance and other bonuses	937 981	695 477
Other employee related costs	27 515	-
<b>Total Employee Related Costs</b>	<b>15 901 247</b>	<b>12 894 613</b>

**Remuneration of the Municipal Manager**

Annual Remuneration	191 465	407 828
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	37 779	100 657
Contributions to UIF, Medical and Pension Funds	11 169	1 497
<b>Total</b>	<b>240 413</b>	<b>509 983</b>

**Remuneration of the Chief Finance Officer**

Annual Remuneration	421 036	376 487
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	119 963	95 691
Contributions to UIF, Medical and Pension Funds	1 497	1 497
<b>Total</b>	<b>542 496</b>	<b>473 675</b>

**Remuneration of Individual Executive Directors**

	Technical Services R'000	Corporate Services R'000	Community Services R'000
<b>2010</b>			
Annual Remuneration	426 773	424 740	421 036
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	200 038	113 636	92 065
Contributions to UIF, Medical and Pension Funds	1 547	3 433	44 161
<b>Total</b>	<b>628 359</b>	<b>541 808</b>	<b>557 262</b>

**2009**

	Technical Services R'000	Corporate Services R'000	Community Services R'000
Annual Remuneration	376 487	376 487	376 487
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	144 573	106 258	84 471
Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497
<b>Total</b>	<b>522 557</b>	<b>484 242</b>	<b>462 455</b>

**18 REMUNERATION OF COUNCILLORS**

Executive Mayor	536 781	492 630
Speaker	490 325	420 489
Executive Committee Members	1 407 980	1 349 969
Councillors' pension and medical aid contributions	721 491	7 732
Councillors' allowances	3 616 385	3 671 151
<b>Total Councillors' Remuneration</b>	<b>6 772 962</b>	<b>5 941 971</b>

**In-kind Benefits**

The Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by the Council at no cost. The Mayor has use of the Council owned vehicle for official duties.

**Engcobo Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>19 GENERAL EXPENSES</b>		
Included in general expenses are the following:-		
Advertising	81 093	66 909
Admin fees	240 963	232 694
Audit fees	2 718 725	2 052 275
Bank charges	83 608	85 718
Cleaning	83 454	39 038
Conferences and delegations	553 323	122 222
Consulting fees	161 972	345 346
Entertainment	199 055	87 422
Electrification expense	65 766 668	-
Financial management grant	2 049 559	463 583
Fuel and oil	790 507	801 180
Insurance	136 026	290 794
Legal expenses	656 816	407 157
Levies paid	7 175	5 308
Licence fees - vehicles	620	202 951
Licence fees - computers	152 334	204 022
Postage	5 504	5 820
Printing and stationery	418 096	329 927
Rental of office equipment	531 840	336 718
Other rentals	86 955	14 600
Security costs	744 503	583 488
Skills development levies	294 261	181 076
Stocks and material	139 298	448 028
Subscription & publication	8 850	6 200
Telephone cost	657 026	475 982
Training	151 640	70 233
Transport claims	-	1 900
Travel and subsistence	568 603	447 926
Valuation costs	214 946	220 000
Other	10 220 936	7 785 200
	<b>87 838 622</b>	<b>16 313 717</b>
<b>20 GAIN / (LOSS) ON SALE OF ASSETS</b>		
Property, plant and equipment - Includes loss on transfer of assets to the District Municipality	-	(7 952 030)
<b>Total Gain / (Loss) on Sale of Assets</b>	<b>-</b>	<b>(7 952 030)</b>
<b>21 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	12 645 657	184 951
Adjustment for:-		
Depreciation and amortisation	-	-
(Gain) / loss on sale of assets	-	7 952 030
Finance costs	-	-
Fair value adjustments	-	-
Impairment loss / (reversal of impairment loss)	-	-
Interest earned	(1 266 843)	(497 674)
<b>Operating surplus before working capital changes:</b>	<b>11 378 815</b>	<b>7 639 308</b>
(Increase)/decrease in trade receivables	284 643	1 189 367
(Increase)/decrease in other receivables	1 195 257	3 009 546
(Increase)/decrease in VAT receivable	(800 766)	(695 855)
Increase/(decrease) in conditional grants and receipts	5 305 153	4 961 598
Increase/(decrease) in trade payables	340 759	(12 752 474)
Increase/(decrease) in consumer deposits	-	-
<b>Cash generated by/(utilised in) operations</b>	<b>17 703 862</b>	<b>3 351 489</b>
Interest received/Finance cost	1 266 843	497 674
<b>Net cash flows from operating activities</b>	<b>18 970 705</b>	<b>3 849 163</b>

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>22 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	13 435 244	9 274 707
Bank overdrafts	-	(833 885)
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>13 435 244</b>	<b>8 440 822</b>

**23 CORRECTION OF PRIOR PERIOD ERROR - DIRECTIVE 4**

The Municipality has elected to adopt Directive 4, resulting in changes to the following transactions and account balances:

**Statement of Financial Position**

Property, Plant and Equipment	(13 976 281)	(76 537 507)
- Cost	(13 976 281)	(111 789 823)
- Accumulated Depreciation	-	35 252 316
<i>Net effect on the Statement of Financial Position:</i>	(13 976 281)	(76 537 507)

**Statement of Financial Performance**

Depreciation expense	-	(7 137 049)
<i>Net effect on the Statement of Financial Performance</i>	-	(7 137 049)

**24 CORRECTION OF ERROR - OTHER**

During the year ended 30 June 2009, amounts owing by consumers in respect of Sewerage and Water charges were incorrectly written off gainst Gains/Losses on disposal of assets to the amount of R 1,391,098. During the year ended 30 June 2010, an amount of R54,079 was written off against accumulated surplus as these accounts were paid in prior years already.

During the year ended 30 June 2009, VAT of R 32,045.87 was incorrectly claimed on employee tax and skills development levy expenditure. Interest to the value of R 38,840.85 was not captured on the system. Unknown deposits of R 1,366,455.97 were posted to a suspense account. Amounts owing from debtors of R 788,246.99 were posted to a suspense account. Salary transactions to the value of R 155,690.36 were also posted to a suspense account. A loan of R 4,000,000 from the Chris Hani District Municipality was captured twice into the accounting records. Numerous transactions involving the transfer of cash, to the value of R 1,817,232.62 were posted to a Cashbook Suspense account. FMG Grant received during the year was recorded as revenue as well as unspent portion of conditional grants.

The effect of the correction is as follows:

	2010	2009
Gain / (loss) on sale of assets	-	1 391 098
Government grants and subsidies		(1 500 000)
Interest earned - external investments		(38 841)
<i>Net effect on surplus/(deficit) for the year</i>	-	(147 743)
<b>Assets</b>		
Cash & Cash Equivalents		(1 817 233)
Debtors	(54 079)	1 359 052
Liabilities	-	-
Creditors		733 899
Current portion of Borrowings		4 000 000
<i>Net effect on Statement of Financial Position</i>	(54 079)	4 275 719
<i>Net effect on Accumulated surplus opening balance</i>	4 275 719	4 423 463

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>25 DISALLOWED</b>		

**25.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance	8 414 302	-
Unauthorised expenditure current year	7 004 503	8 414 302
Approved by Council or condoned	-	-
Unauthorised expenditure awaiting authorisation	<u>15 418 805</u>	<u>8 414 302</u>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
<i>Executive &amp; Council</i>	<i>None</i>	507 464	102 095
<i>Finance &amp; Admin</i>	<i>None</i>	4 024 539	7 821 554
<i>Community &amp; Social Services</i>	<i>None</i>	2 472 500	160 416
<i>Waste Management</i>	<i>None</i>	-	330 237
		<u>7 004 503</u>	<u>8 414 302</u>

**25.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure

Opening balance -	16 643	-
Fruitless and wasteful expenditure current year	-	16 643
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>16 643</u>	<u>16 643</u>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
Late payment of PAYE			16 643

**25.3 Irregular expenditure**

Reconciliation of irregular expenditure

Opening balance	-	15 700 000
Irregular expenditure current year	-	229 980
Condoned or written off by Council	-	-
Irregular expenditure awaiting condonement	<u>-</u>	<u>15 929 980</u>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
Rental income forgone due to provision of free residence to official.	<i>None</i>		
Non-compliance with supply chain management policy regarding obtaining of quotes	<i>None</i>		



**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE</b>		
<b>26 MANAGEMENT ACT</b>		
<b>26.1 Contributions to organised local government</b>		
Opening balance	-	-
Council subscriptions	8 850	11 598
Amount paid - current	(8 850)	(11 598)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>
<b>26.2 Audit fees</b>		
Opening balance	-	86 370
Current year audit fee	2 718 955	2 052 275
Amount paid - current year	(2 718 955)	(2 138 645)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>
<b>26.3 VAT</b>		
VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.		
<b>26.4 PAYE and UIF</b>		
Opening balance	809	-
Current year payroll deductions	1 889 261	2 376 405
Amount paid - current year	(1 889 261)	(2 375 595)
Amount paid - previous years	(809)	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>809</b>
<b>26.5 Pension and Medical Aid Deductions</b>		
Opening balance	19 780	10 080
Current year payroll deductions and Council Contributions	4 112 733	3 480 939
Amount paid - current year	(4 112 733)	(3 471 239)
Amount paid - previous years	(19 780)	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>19 780</b>

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R	
<b>26.6 Councillor's arrear consumer accounts</b>			
The following Councillors had arrear accounts outstanding for more than 90 days as at: -	<b>Total</b>	<b>Outstanding less than 90 days</b>	<b>Outstanding more than 90 days</b>
	R	R	R
<b>as at 30 June 2010</b>			
Councillor MM Sigwela	10 696	981	9 715
<b>Total Councillor Arrear Consumer Accounts</b>	<b>10 696</b>	<b>981</b>	<b>9 715</b>
<b>as at 30 June 2009</b>			
Councillor MM Sigwela	4 838	1 021	3 817
<b>Total Councillor Arrear Consumer Accounts</b>	<b>4 838</b>	<b>1 021</b>	<b>3 817</b>
During the year the following Councillors had arrear accounts outstanding for more than 90 days.	<b>Highest Amount Outstanding</b>	<b>Ageing Days</b>	
	R		
<b>as at 30 June 2010</b>			
Councillor MM Sigwela	4 838	+ 90 days	
<b>as at 30 June 2009</b>			
Councillor MM Sigwela	3 817	+ 90 days	

**27 CAPITAL COMMITMENTS**

**27.1 Commitments in respect of capital expenditure**

- <b>Approved and contracted for</b>	<b>138 696 106</b>	<b>210 901 437</b>
Infrastructure	138 696 106	210 901 437
<b>Total</b>	<b>138 696 106</b>	<b>210 901 437</b>
This expenditure will be financed from:		
- Government Grants	138 696 106	210 901 437
	<b>138 696 106</b>	<b>210 901 437</b>

**28 RETIREMENT BENEFIT INFORMATION**

**28.1 Defined contribution plan**

The following are defined contribution plans: SAMWU Provident Fund, Cape Joint Pension Fund and Councillors' Pension Fund. These contributions have been expensed.

There are 103 employees that belong to the SAMWU Provident Fund (2009: 116), 18 employees that belong to the Cape Joint Pension Funds (2009: 28) and there are 29 councillors that belong to the Councillors' Pension Fund (2009: 28).

Amounts contributed to the plans are as follows:

	2010	2009
SAMWU Provident Fund	2 014 421	2 263 711
- employer	671 474	754 569
- employees	1 342 947	1 509 142
Cape Joint Pension Fund	586 176	160 140
- employer	187 059	53 380
- employees	399 117	106 760
Councillors' Pension Fund	1 171 953	1 097 101
- employer	2 738	-
- councillors	1 169 215	1 097 101

**Engcobo Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>29 CONTINGENT LIABILITY</b>		
<b>29.1 Claims for damages/loss suffered</b>		<u>25 416 341</u>
<p>The Council is currently defending the following cases lodged by its suppliers and a member of the community. All these cases are defended by the Municipality.</p> <p>Jongisizwe Traffic Solutions - In this case the Municipality signed a contract with this company, but did not allow them to perform the duties agreed on. Then they agreed on repudiation. The total claim intimated is R22,369,000 for expenses.</p> <p>Qhamani Plant Hire - The company was hired by the Municipality to construct a road. The Municipality then refused to pay a balance which related to the hire of plant and machinery. The supplier is claiming an amount of R2,291,341.20.</p> <p>Zama Buka - This community member's car was hit by a Municipal vehicle. He is now claiming for repairs to be made to his car.</p> <p>Noxolo Palmer Mahlanyana - The Municipality has been threatened to be sued by an employee for a housing benefit.</p> <p>Aluvo Construction - the Municipality has been threatened to be sued by the company for non-payment in respect of services rendered.</p> <p>Noxolo Palmer Mahlanyana - The Municipality has been threatened to be sued by an employee for a housing benefit.</p> <p>Portia Tyanikazi Magwentshu - the Municipality is being sued for refuse services charged for but were not performed.</p> <p>Phumzile Kilwa - the Municipality is being sued by the employee for an alleged unlawful suspension.</p>		
<b>29.2 Assault charge - Municipal employee</b>		<u>2 000</u>
<p>State/Thembinkosi Nete - The state has instructed the Municipality to defend a Municipal employee in a case of assault.</p>		
<b>30 RELATED PARTIES</b>		
Joint Ventures		<i>None identified</i>
Associates		<i>None identified</i>
Members of key management		<i>None identified</i>
Close family member of key management		<i>None identified</i>
Post employment benefit plan for employees of municipality and/or other related parties		<i>None identified</i>
Other related party relationships		<i>None identified</i>
Compensation to councillors and other key management (refer to note 17)		<i>None identified</i>
<b>31 EVENTS AFTER THE REPORTING DATE</b>		
<p>There are no events subsequent to the reporting date which require reporting on.</p>		
<b>32 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS</b>		
<p>The following areas involve a significant degree of estimation uncertainty:</p> <p>Provision for doubtful debts</p>		
<b>33 RISK MANAGEMENT</b>		
<b>32.1 Maximum credit risk exposure</b>		
<p>Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.</p> <p>Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.</p> <p>Financial assets exposed to credit risk at year end were as follows:</p>		
Call Deposits	13 435 244	9 274 707
Trade and other receivables	220 000	1 699 900

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
These balances represent the maximum exposure to credit risk.		

**Engcobo Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>32.2 Liquidity risk</b>		
<p>The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.  Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.</p> <p>The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.</p>		
<b>2010</b>	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>
Bank overdraft	-	-
Borrowings	26 364	-
Trade and other payables	2 994 846	-
<b>2010</b>	<b>Later than three months and not later than one year</b>	<b>Later than one year and not later than five years</b>
Gross finance lease obligations	-	-
Borrowings	-	-
Trade and other payables	-	-
<b>2009</b>	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>
Bank overdraft	833 885	-
Borrowings	-	-
Trade and other payables	1 347 117	-
<b>2009</b>	<b>Later than three months and not later than one year</b>	<b>Later than one year and not later than five years</b>
Bank overdraft	-	-
Borrowings	1 333 333	-
Trade and other payables	-	-

**32.3 Interest rate risk**

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits	13 435 244	9 274 707
- Bank overdraft	-	833 885
- Borrowings	-	1 333 333

**32.4 Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

	2010	2009
Increase (decrease) in interest rates		
The estimated increase (decrease) in basis points	(100)	(200)

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

	<b>2010</b>		<b>2009</b>
	<b>R</b>		<b>R</b>
Effect on surplus		-	166 777

**Engcobo Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2010

	2010 R	2009 R
<b>33 RECONCILIATION OF BUDGET SURPLUS WITH THE DEFICIT IN THE STATEMENT OF FINANCIAL PERFORMANCE</b>		
	<b>30 June 2010</b>	
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)		
Net surplus/deficit per the statement of financial performance:	12 645 657	
Adjusted for:		
Property rates	(58 659)	
Service charges	26 037	
Rental of facilities and equipment	24 842	
Interest earned - external investments	(666 843)	
Fines	(54 176)	
Licences and permits	(290 202)	
Government grants and subsidies	81 185	
Other income	(1 904 451)	
Employee related costs	(985 773)	
Remuneration of councillors	1 919 968	
Repairs and maintenance	(818 242)	
General expenses	3 176 176	
Gain / (loss) on sale of assets	-	
Net surplus/deficit per approved budget:	<u>13 095 520</u>	

**Engcobo Local Municipality**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2010

<b>EXTERNAL LOANS</b>	<b>Loan number</b>	<b>Redeemable Date</b>	<b>Balance at 30 June 2009</b>	<b>Received during the period</b>	<b>Redeemed / written off during the period</b>	<b>Balance at 30 June 2010</b>	<b>Carrying Value of Property, Plant &amp; Equipment</b>	<b>Other Costs in accordance with MFMA</b>
			R	R	R	R	R	R
LONG-TERM LOANS								
CHDM Loan		30 June 2009	1 333 333	26 364	(1 333 333)	26 364	-	-
<b>Total long-term loans</b>			<u>1 333 333</u>	<u>26 364</u>	<u>(1 333 333)</u>	<u>26 364</u>	-	-
<b>TOTAL EXTERNAL LOANS</b>								



**Engcobo Local Municipality**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2010

2009			2010			
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
(7 693 673)	12 208 988	(19 902 661)	Executive & Council	57 635.44	12 489 619	(12 431 983)
35 845 181	13 939 833	21 905 348	Finance & Admin	48 280 115	19 823 585	28 456 529
			Planning & Development			
			Health			
2 365 899	8 793 684	(6 427 785)	Community & Social Services	67 614 275	77 594 830	(9 980 555)
			Public Safety			
			Sport & Recreation			
			Environmental Protection			
113 269	558 190	(444 921)	Waste Management	155 253	-	155 253
8 158 539	3 713 882	4 444 657	Road Transport	11 731 380	5 437 652	6 293 728
61 092	841 875	(780 784)	Water	152 683	-	152 683
			Electricity			
			Other			
<b>38 850 307</b>	<b>40 056 452</b>	<b>(1 206 145)</b>	<b>Total</b>	<b>127 991 342</b>	<b>115 345 686</b>	<b>12 645 657</b>