

**BOJANALA PLATINUM DISTRICT MUNICIPALITY**



**BOJANALA PLATINUM DISTRICT MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2010**

**BOJANALA PLATINUM DISTRICT MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**INDEX**

	<b>Page</b>
Declaration Accounting Officer	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Net Assets	5
Cash Flow Statement	6
Notes to the Annual Financial Statements	7
Appendix B: Analysis of Property, Plant and Equipment	26
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	27
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	28
Appendix F: Disclosures of Grants and Subsidies	29
Appendix G: Expenditure on Soccer World Cup 2010 and related activities	30



**BOJANALA PLATINUM DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 27, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 15 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr A R Khuduge  
Acting Municipal Manager  
27 August 2010

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010**

	Note	2010 R	2009 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>193 927 136</b>	<b>174 354 565</b>
Revaluation Reserve		1 242 394	886 022
Government grant reserve		0	0
Accumulated Surplus/(Deficit)		192 684 742	173 468 543
<b>Non-current liabilities</b>		<b>1 057</b>	<b>6 794</b>
Long-term liabilities	2	1 057	6 794
<b>Current liabilities</b>		<b>24 811 359</b>	<b>20 696 814</b>
Provisions	3	1 098 048	1 098 048
Creditors	4	20 010 846	11 553 036
Unspent conditional grants and receipts	5	3 696 728	7 983 064
Current portion of long-term liabilities	2	5 737	62 665
<b>Total Net Assets and Liabilities</b>		<b><u>218 739 552</u></b>	<b><u>195 058 172</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>27 305 643</b>	<b>29 808 059</b>
Property, plant and equipment	7	27 305 643	29 808 059
Long-term receivables	8	0	0
<b>Current assets</b>		<b>191 433 909</b>	<b>165 250 115</b>
Other debtors	9	1 293 967	327 305
Current portion of long-term debtors	8	0	0
VAT	6	3 915 254	3 213 160
Call investment deposits	10	0	0
Bank balances and cash	11	186 224 688	161 709 650
<b>Total Assets</b>		<b><u>218 739 552</u></b>	<b><u>195 058 174</u></b>

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Actual	
		2010 R	2009 R
<b>REVENUE</b>			
Regional Services Levies - turnover		9 090	1 880
Regional Services Levies - remuneration		15 710	442 056
Rental of facilities and equipment		0	0
Interest earned - external investments		14 431 045	16 579 915
Interest earned - Other debtors			1 834
Government grants and subsidies	12	212 694 092	202 995 958
Other income	13	235 160	197 538
<b>Total Revenue</b>		<b>227 385 097</b>	<b>220 219 181</b>
<b>EXPENDITURE</b>			
Employee related costs	14	62 467 968	50 322 543
Remuneration of Councillors	15	7 381 526	7 067 248
Bad debts		0	27 470
Depreciation		7 055 870	5 741 666
Repairs and maintenance		1 545 047	1 901 299
Interest paid	16	4 195	23 908
Grants and subsidies paid	17	95 142 086	64 788 920
General expenses	18	34 515 711	26 575 209
<b>Total Expenditure</b>		<b>208 112 403</b>	<b>156 448 263</b>
<b>GAINS AND LOSSES</b>			
Gain/(Loss) on disposal of Property, Plant and Equipment	18	-79 660	-1 210 107
Reversal of impairment losses/(Impairment losses)		0	0
Fair value adjustments of Property, Plant and Equipment			1 047 541
<b>Net Gains and losses</b>		<b>-79 660</b>	<b>-162 566</b>
<b>SURPLUS/(DEFICIT)</b>			
Share of surplus/(deficit) of associate accounted for under the equity method		0	0
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>19 193 034</b>	<b>63 608 351</b>

No segmental statement of financial performance has been prepared  
Refer to Appendix E(1) for comparison with the approved budget.

**BOJANALA PLATINUM DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

	Revaluation Reserve	Government Grant Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
<b>2009</b>				
Balance at 1 July 2008	0	1 452 948	108 355 579	109 808 527
Correction of error (Note 19)			364 017	364 017
<b>Restated balance</b>	<b>0</b>	<b>1 452 948</b>	<b>108 719 596</b>	<b>110 172 544</b>
Surplus/(deficit) for the year			63 608 351	63 608 351
Change in accounting policy (Note 19.2)		-5 955 620	5 955 620	
Adjustments to balance Fixed Asset Register			-312 352	-312 352
Capital grants used to purchase PPE		5 335 210	-5 335 210	0
Land and Buildings revalued	886 022		0	886 022
Asset disposals		-382 597	382 597	0
Offsetting of depreciation	0	-449 941	449 941	0
<b>Balance at 30 June 2009</b>	<b>886 022</b>	<b>0</b>	<b>173 468 543</b>	<b>174 354 565</b>
<b>2010</b>				
Change in accounting policy		0	0	0
Correction of error (Note 19)			0	0
<b>Restated balance</b>	<b>886 022</b>	<b>0</b>	<b>173 468 543</b>	<b>174 354 565</b>
Surplus/(deficit) for the year			19 193 034	19 193 034
Adjustments to balance Fixed Asset Register			23 165	23 165
Land and Buildings Revalued	356 372		0	356 372
Capital grants used to purchase PPE			0	0
Donated/contributed PPE			0	0
Asset disposals			0	0
Offsetting of depreciation			0	0
<b>Balance at 30 JUNE 2010</b>	<b>1 242 394</b>	<b>0</b>	<b>192 684 742</b>	<b>193 927 136</b>

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from government and other		230 505 303	209 596 984
Cash paid to suppliers and employees		-215 855 558	-163 089 645
Cash generated from/(utilised in) operations	20	14 649 745	46 507 339
Interest received		14 431 045	16 581 749
Interest paid		-4 195	-23 908
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u>29 076 595</u>	<u>63 065 180</u>
<b>CASH FLOWS UTILISED IN INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-4 498 893	-13 792 447
(Increase)/decrease in non-current receivables			35 340
Proceeds on disposal of property, plant and equipment			529 042
<b>NET CASH UTILISED IN INVESTING ACTIVITIES</b>		<u>-4 498 893</u>	<u>-13 228 065</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net new leases and Lease liability repaid		-62 665	-111 363
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>-62 665</u>	<u>-111 363</u>
<b>NET INCREASE/(DECREASE IN CASH AND EQUIVALENT</b>		<u>24 515 037</u>	<u>- - 49 725 752</u>
Cash and cash equivalents at the beginning of the year		<u>161 709 650</u>	<u>111 983 899</u>
Cash and cash equivalents at the end of the year	21	<u>186 224 687</u>	<u>161 709 650</u>



**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**1.1 Basis of preparation**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by an accounting standard.

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

These standards are summarised as follows:

- GRAP 1: Presentation of financial statements.
- GRAP 2: Cash flow statements.
- GRAP 3: Accounting policies, changes in accounting estimates and errors.
- GRAP 4: The effects of changes in foreign exchange transactions.
- GRAP 5: Borrowing costs.
- GRAP 6: Consolidated and separate financial statements.
- GRAP 7: Investments in associates.
- GRAP 8: Interests in joint ventures.
- GRAP 9: Revenue from exchange transactions.
- GRAP 10: Financial reporting in hyperinflationary economies
- GRAP 11: Construction contracts.
- GRAP 12: Inventories.
- GRAP 13: Leases.
- GRAP 14: Events after reporting date.
- GRAP 16: Investment property.
- GRAP 17: Property, plant and equipment.
- GRAP 19: Provisions, contingent liabilities, and contingent assets.
- GRAP 100: Non-current assets held for sale and discontinued operations.
- GRAP 101: Agriculture.
- GRAP 102: Intangible assets.

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

*The accounting framework for 2009/10*

There are no general exemptions from specific standards or aspects of accounting standards and the Municipality comply fully with the accounting framework set out in Directive 5 of the Accounting Standards Board.

**BOJANALA PLATINUM DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

A summary of the significant accounting policies, which have been consistently applied, is disclosed below.

**1.2 Presentation currency**

These annual financial statements are presented in South African Rand.

**1.3 Going concern assumption**

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

**1.4 Comparative information**

Budget information, in accordance with GRAP 1, 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 Reserves**

*1.5.1 Government Grant Reserve*

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government grants reserve equal to the Government grant recorded as revenue in the Statement of Financial Performance in accordance with GRAP 24 Presentation of Budget information in Financial Statements issued by National Treasury in November 2007.

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

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed through a government grant is disposed off, the balance in the Government grant reserve relating to the item is transferred to the accumulated surplus/(deficit).

The accounting policy on government grant reserve has been changed retrospectively from 2008/09 as the creation of general reserves is not permitted.

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.5.2** *Donations and public contributions*

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as

revenue in the Statement of Financial Performance in accordance with GRAP 24 Presentation of Budget information in Financial Statements issued by National Treasury in November 2007. The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

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

The accounting policy on donations and public contributions has been changed retrospectively from 2008/09 as the creation of general reserves is not permitted.

**1.5.3** *Revaluation Reserve*

The surplus arising from the revaluation of land and buildings is credited to a Revaluation Reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on re-valued amounts, are credited or charged to the Statement of Financial Performance.

**1.6 Financial Instruments**

**Recognition**

Financial instruments are initially recognised at fair value.

Financial assets and financial liabilities are recognised on the Municipality's balance sheet when the Municipality becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are initially recognised using trade date accounting.

**Measurement**

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**Financial assets**

The Municipality's principal financial assets are accounts receivable and cash and cash equivalents.

Receivables

Other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Management is of the opinion that all receivables outstanding over 90 days are not recoverable and therefore the appropriate allowances for the estimated irrecoverable amounts are provided for as doubtful receivables.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

**Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial liabilities**

The Municipality's financial liabilities are interest bearing financial lease liabilities and accounts payable.

All financial liabilities are measured at amortised cost, comprising original debt less principal payments and amortisations, except for financial liabilities held-for-trading and derivative liabilities, which are subsequently measured at fair value.

**1.7 Employee Benefits**

The Municipality provides retirement benefits for its employees and councillors. Contributions to defined contribution retirement plans are recognised as an expense when employees and councillors have rendered the employed service or served office entitling them to the contribution. In the absence of a Statement of GRAP on Employee Benefits, the municipality discloses the employee benefits as per IAS 19.

Post-retirement medical benefits

A provision is maintained in respect of the liability to employees relating to post-retirement benefits, such as medical aid contributions

Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained.

**1.8 Revenue recognition**

**1.8.1 Revenue from Exchange Transactions**

Interest and rentals are recognized on a time proportion basis.

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.8.2 Revenue from non-exchange transactions**

Revenue from Regional Services Levies, both those based on turnover as well as those based on remuneration, is recognised on receipt basis. RSC levies were abolished from 1 July 2006. .

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorized, 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 recognized when the recovery thereof is virtually certain.

*Unauthorised expenditure*

Unauthorized 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). Unauthorized 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.

*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 unauthorized 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.

*Fruitless and wasteful expenditure*

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.9 Leases**

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 subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over the shorter of the lease term or its estimated useful life. Lease payments are allocated between the finance lease costs and the capital repayment expensed as they become due.

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.10 Property, Plant and Equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings which is re-valued as indicated. Land is not depreciated as it is deemed to have an infinite life.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs

Where an item of property, plant and equipment is acquired at no cost, it is initially recognised at its fair value as at the date of acquisition. Incomplete construction work is stated at historical cost and depreciated only when the asset is ready for its intended use.

Depreciation is calculated on cost or the value after revaluation, using the straight line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

Buildings	30-50
<i>Other Assets:</i>	
Furniture & Fittings	6-10
Office Equipment	5-11
Security Equipment	5-8
Emergency equipment	5-11
Plant & Equipment	5-10
Vehicles	5-12
<i>Leased Assets</i>	
Office Equipment	3

The gain or loss arising on the disposal 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.

Review of useful lives

The useful lives of assets are reviewed annually during asset verification based on the condition of each asset.

Review of depreciation method

The depreciation method is assessed annually by management of the municipality to ensure that the method of depreciation is aligned to the usage of each asset.

Impairment of non-cash generating assets

The assets in question were assessed for possible impairment.

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.11 Provisions**

Provisions are recognized 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 sheet date and adjusted to reflect the current best estimate.

**1.12 Value Added Tax**

The Municipality accounts for Value Added Tax on the payment basis.

**BOJANALA PLATINUM DISTRICT 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>
<b>2 LONG-TERM LIABILITIES</b>		
Long-term lease liability	6 794	69 459
Less : Current portion transferred to current liabilities	5 737	62 665
<b>Total Long-term liability</b>	<u><u>1 057</u></u>	<u><u>6 794</u></u>
<b>3 PROVISIONS</b>		
Provision for Medical Aid Continued Members	45 933	45 933
Provision for Performance bonuses	1 052 115	1 052 115
<b>Total Provisions</b>	<u><u>1 098 048</u></u>	<u><u>1 098 048</u></u>
Expected liability on medical aid for Municipality over the expected lives of the members: R8 067 485.64		
<b>4 CREDITORS</b>		
Trade creditors	10 382 267	4 323 911
Retentions	4 338 178	3 627 708
Staff leave	5 283 920	3 504 232
Mvula Trust (See Note 13: Other Income)	0	24 446
Technofin: Lease installments not collected	6 480	
Westvaal Rustenburg (See correction of error Note 19.1.1)	0	62 211
Gant Chant Prpject (See Note 19.1.1)	0	469
N T Ntshangase (See notr 19.1.2)	0	2 400
F N Matlala over recovery of bursary	0	7 659
<b>Total Creditors</b>	<u><u>20 010 846</u></u>	<u><u>11 553 036</u></u>
Trade creditors increased due to FIFA WORLD CUP payments: Taupedi Security services during World Cup: R1 063 920.00; Bojanala Promotions services: R4 436 859.05. Total R5 500 779.05		
<b>5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>5.1 Conditional Grants from other spheres of Government</b>	2 890 124	4 672 266
FM Grant	199 176	0
Municipal Infrastructure Grant (MIG)	0	0
IMMIS	8 450	15 850
Fire Support Grant	702 955	1 214 708
Conditional Grant Disaster Management	972 544	2 750 000
Drought Relief Grant	0	217 670
Expanded Public Works	1 007 000	0
Transitional and Amalgamation Grant	0	474 038
<b>5.2 Other Conditional Receipts</b>	806 604	3 310 798
SETA Skills Development	773 801	508 125
Disater Management Grant	0	592 348
Ga Motla Housing (See Correction of error Note 19.6)	0	850 538
City of Lathi Salary Vuokko	0	412 970
Miscellaneous Receipts	32 803	946 817
<b>Total Conditional Grants and Receipts</b>	<u><u>3 696 728</u></u>	<u><u>7 983 064</u></u>
See Note 10 for reconciliation of grants from other spheres of government. These amounts are invested until utilized.		
<b>6 VAT</b>		
VAT Receivable	<u><u>3 915 254</u></u>	<u><u>3 213 160</u></u>
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. The municipality claims back VAT on expenditure resulting in SARS being a debtor.		



BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7 PROPERTY, PLANT AND EQUIPMENT  
30-Jun-10

	Office Equipment Leased	Land	Buildings	Other PPE	Total
	R	R	R	R	R
<b>Reconciliation of Carrying Value</b>					
<b>Carrying values at 1 July 2009</b>	<b>45 026</b>	<b>1 300 000</b>	<b>4 398 471</b>	<b>24 064 562</b>	<b>29 808 059</b>
Cost	351 970	1 300 000	4 561 238	36 233 832	42 447 040
Revaluation	-	-	886 022	-	-
Accumulated depreciation	306 944	-	1 048 790	12 169 270	13 525 003
Correction of error ( note 19)	-	-	-	-	-
- Cost & Revaluation	306 944	-	1 048 790	12 169 270	13 525 003
Acquisitions	-	-	-	4 472 510	4 472 510
Capital under Construction	-	-	-	-	-
Increases/decreases in revaluation	-	356 372	-	-	356 372
Depreciation	21 009	-	299 773	6 727 412	7 048 194
- based on cost	21 009	-	299 773	6 727 412	7 048 194
- Correction of error (note 19)	-	-	-	-	-
- based on revaluation	-	-	-	-	-
Carrying value of disposals	-	-	-	301 812	301 812
Cost/revaluation	-	-	-	1 137 648	1 137 648
Accumulated depreciation	-	-	-	835 836	835 836
Other movements	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
<b>Carrying values at 30 June 2010</b>	<b>24 017</b>	<b>1 656 372</b>	<b>4 098 698</b>	<b>21 507 849</b>	<b>27 286 936</b>
Cost	351 970	1 300 000	4 561 238	39 568 695	45 781 903
Revaluation	-	356 372	886 022	-	1 242 394
Accumulated depreciation	327 953	-	1 348 563	18 060 846	19 737 361
- Cost & Revaluation	327 953	-	1 348 563	18 060 846	19 737 361
	-	-	-	-	-

	Office Equipment	Land	Buildings	Other PPE	Total
<b>Reconciliation of Carrying Value</b>					
<b>Carrying values at 1 July 2008</b>	<b>336 929</b>	<b>1 300 000</b>	<b>4 574 129</b>	<b>31 525 913</b>	<b>37 736 972</b>
Cost	336 929	1 300 000	4 574 129	31 525 913	37 736 972
Revaluation	-	-	-	-	-
Accumulated depreciation	188 618	-	749 921	14 895 749	15 834 287
Correction of error ( note 19)	-	(28 384)	653 781	(1 054 494)	(429 097)
- Cost	188 618	28 384	96 140	15 950 242	16 263 384
- Revaluation	-	-	-	-	-
Acquisitions	15 041	-	-	13 777 406	13 792 447
Fair Value Adjustments	-	-	-	-	-
Capital under Construction	-	-	-	-	-
Increases/decreases in revaluation	-	-	886 022	-	886 022
Reclassification	-	-	-	-	-
Depreciation	112 310	-	300 227	5 329 129	5 741 666
- based on cost	112 310	-	300 227	5 329 129	5 741 666
- based on fair value adjustment	-	-	-	-	-
Carrying value of disposals	-	-	-	618 979	618 979
Cost/revaluation	-	-	-	2 005 335	2 005 335
Accumulated depreciation	-	-	-	1 386 356	1 386 356
Impairment losses	-	-	-	-	-
Other movements	6 016	-	11 533	394 900	412 449
Cost	-	-	12 891	7 064 152	7 077 043
Accumulated depreciation	(6 016)	-	1 358	6 669 252	6 664 594
<b>Carrying values at 30 June 2009</b>	<b>45 026</b>	<b>1 300 000</b>	<b>4 398 471</b>	<b>24 064 562</b>	<b>29 808 059</b>
Cost	351 970	1 300 000	4 561 238	36 233 832	42 447 040
Revaluation	-	-	886 022	-	886 022
Accumulated depreciation	306 944	-	1 048 790	12 169 270	13 525 003
- Cost & Revaluation	306 944	-	1 048 790	12 169 270	13 525 003
	-	-	-	-	-

During June 2010 all items of PPE were physically verified and assessed for physical impairment and relevance of calculated remaining useful life spans. Where the remaining useful lifespans have been deemed inaccurate, adjustments have been made prospectively. The lifespans of certain items of PPE within the various categories have been effected as follows:

**Other Assets**

- Emergency Equipment 2 years
- Furniture and Fittings 2 to 4 years
- Office Equipment 1 to 6 years

Refer to Appendix B for more detail on property, plant and equipment. The opening balance of Land and buildings and "Other PPE" has been allocated to more asset categories in Appendix B.

BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8 INTANGIBLE ASSETS  
30-Jun-10

	Computer Software	Total
<b>Reconciliation of Carrying Value</b>		
	R	R
<b>Carrying values at 1 July 2009</b>	<b>0</b>	<b>0</b>
Cost	-	-
Accumulated depreciation	-	-
Correction of error ( note 19)	-	-
- Cost	-	-
Acquisitions	26 383	26 383
Depreciation	7 676	7 676
- based on cost	7 676	7 676
Carrying value of disposals	-	-
Cost/revaluation	-	-
Accumulated depreciation	-	-
Other movements	-	-
Cost	-	-
Accumulated depreciation	-	-
<b>Carrying values at 30 June 2010</b>	<b>18 707</b>	<b>18 707</b>
Cost	26 383	26 383
Revaluation	-	-
Accumulated depreciation	7 676	7 676
- Cost	7 676	7 676
- Revaluation	-	-

	2010	2009
	R	R
<b>9 OTHER DEBTORS</b>		
VAT receivable on trade creditors accrued	1 096 408	0
Expenses of staff and councillors:salary suspense	136 313	56 279
Morale Caterers	0	27 470
Deposits	48 178	48 178
Study loans to employees	13 068	18 849
Sundry Debtors: Vehicles sold	0	204 000
<b>Sub Total</b>	<b>1 293 967</b>	<b>354 775</b>
Less: Provision for bad debt	0	27 470
<b>Total Other Debtors</b>	<b>1 293 967</b>	<b>327 305</b>

	2010	2009
	R	R
<b>Reconciliation of the Bad Debt provision:-</b>		
Balance at the beginning of the year	27 470	0
Contribution to provision	0	27 470
Contribution from accumulated surplus	0	0
Bad Debt written off against provision	-27 470	0
Reversal of provision and other	0	0
Balance at the end of the year	<b>0</b>	<b>27 470</b>

	2010	2009
	R	R
<b>10 CALL INVESTMENT DEPOSITS</b>		
Deposits (mature within 3 months)	<b>0</b>	<b>0</b>
The allocation of investments :-		
Unspent grants	0	0
Operating account	0	0
	<b>0</b>	<b>0</b>

**11 BANK BALANCES AND CASH**

The Municipality has the following main bank accounts: -

**Current Account (Primary Bank Account)**

ABSA, Rustenburg  
Account Number: 11-3150-0277

Cash book balance at beginning of year / (overdrawn)	161 704 743	100 601 870
Cash book balance at end of year / (overdrawn)	<b>186 219 781</b>	<b>161 704 743</b>
Bank statement balance at beginning of year / (overdrawn)	168 154 784	66 058 601
Bank statement balance at end of year / (overdrawn)	<b>194 776 723</b>	<b>168 154 784</b>

**Savings Account**

ABSA, Rustenburg, Account Number 90-8451-8967

Cash book balance	2 907	2 907
Bank statement balance	<b>2 907</b>	<b>2 907</b>
<b>Cash on hand</b>	<b>2 000</b>	<b>2 000</b>

BOJANALA PLATINUM DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

12 GOVERNMENT GRANTS AND SUBSIDIES	2010 R	2009 R
Equitable share	206 385 079	189 491 647
FM Grant	550 824	1 047 345
Disaster management fund	1 777 456	1 550 685
MIG Grants	0	1 994 666
DWAF Counter funding	30 693	0
Fire Grant	0	5 381 071
Disaster Management	592 348	0
Drought Relief Grant	217 670	0
Transitional and Amalgamation Grant	474 038	0
Upgrading Fire Station	511 754	40 810
Integrated municipal management information system	7 400	0
City of Lathi Salary Vuokko	412 970	213 734
Ga Motla Housing	850 539	3 241 801
Miscellaneous Receipts	883 321	34 200
<b>Total Government Grant and Subsidies</b>	<b><u>212 694 092</u></b>	<b><u>202 995 958</u></b>

**12.1 Equitable Share**

This unconditional grant is used as general revenue that is used to finance special projects and capital expenditure on behalf of local municipalities

**12.2 Financial Management Grant**

Balance unspent at beginning of year	0	547 345
Current year receipts	750 000	500 000
Conditions met - transferred to revenue	-550 824	-1 047 345
Conditions still to be met - transferred to liabilities (see note 3)	<u>199 176</u>	<u>0</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

**12.3 MIG Grant**

Balance unspent at beginning of year	0	1 994 666
Current year receipts	0	0
Conditions met - transferred to revenue	0	-1 994 666
Conditions still to be met - transferred to liabilities (see note 3)	<u>0</u>	<u>0</u>

This grant was used for various projects that are not fixed assets of the Municipality. No funds have been withheld.

**12.4 Transitional and Amalgamation Grant**

Balance unspent at beginning of year	474 038	474 038
Current year receipts	0	0
Conditions met - transferred to revenue	-474 038	0
Conditions still to be met - transferred to liabilities (see note 3)	<u>0</u>	<u>474 038</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

**12.5 Integrated municipal management information system**

Balance unspent at beginning of year	15 850	15 850
Current year receipts	0	0
Conditions met - transferred to revenue	-7 400	0
Conditions still to be met - transferred to liabilities (see note 3)	<u>8 450</u>	<u>15 850</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

**12.6 Drought Relief Grant**

Balance unspent at beginning of year	217 670	217 670
Current year receipts	0	0
Conditions met - transferred to revenue	-217 670	0
Conditions still to be met - transferred to liabilities (see note 3)	<u>0</u>	<u>217 670</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

**12.7 Changes in levels of government grants**

Based on the allocations set out in the Division of Revenue Act, 2010, no significant changes in the level of government grant funding are expected over the forthcoming three financial years. A RSC Levies Replacement Grant is included in the Equitable Share.

BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>13 OTHER INCOME</b>		
Interest on vehicle and study loans	0	0
Eskom rebates	0	0
Mvhula trust recognised as own revenue (See Note 4: Creditors)	24 446	0
Sale of tender documents	194 471	184 105
Miscellaneous revenue	16 243	13 432
	<u>235 160</u>	<u>197 537</u>

Mvhula trust funds was received more than 5 years ago and never spent. As a balance in the Statement of Financial Position under Creditors now transferred to revenue

**14 EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	41 354 778	32 674 995
Employee related costs - Contributions for UIF, pensions and medical aids	8 435 132	6 335 629
Travel and other allowances	6 081 269	4 818 388
Housing subsidy	466 224	532 820
Overtime payments	4 350 877	5 584 932
Performance bonus and provision staff leave	1 779 688	375 780
Less: Employee costs capitalised to Property, Plant and Equipment	0	0
Less: Employee costs included in other expenses	0	0
<b>Total Employee Related Costs</b>	<u>62 467 968</u>	<u>50 322 543</u>

There were no advances to employees. Loans to employees are set out in note 7 and 8

**Remuneration of the Municipal Manager**

Annual Remuneration	933 264	858 100
Performance Bonuses	0	0
Car Allowance	180 000	180 000
Medical, pension fund and other allowances	24 000	68 000
<b>Total</b>	<u>1 137 264</u>	<u>1 106 100</u>

**Remuneration of the Chief Finance Officer**

Annual Remuneration	765 468	703 912
Performance Bonuses	0	79 120
Car Allowance	108 000	108 000
Medical, pension fund and other allowances	18 000	54 000
<b>Total</b>	<u>891 468</u>	<u>945 032</u>

**Remuneration of Individual Executive Directors**

	30-Jun-10		30-Jun-09	
	<u>Community Directorate</u>	<u>Corporate Directorate</u>	<u>LED Directorate</u>	<u>Technical Directorate</u>
	R	R	R	R
Annual Remuneration	799 380	662 748	656 100	799 380
Performance Bonuses	0	0	0	0
Car Allowance	0	108 000	102 000	0
Medical, pension fund and other allowances	18 000	18 000	18 000	18 000
<b>Total</b>	<u>817 380</u>	<u>788 748</u>	<u>776 100</u>	<u>817 380</u>

	30-Jun-10		30-Jun-09	
	<u>Community Directorate</u>	<u>Corporate Directorate</u>	<u>LED Directorate</u>	<u>Technical Directorate</u>
	R	R	R	R
Annual Remuneration	738 120	504 330	433 670	732 245
Performance Bonuses	0	0	0	76 537
Car Allowance	0	98 813	104 930	60 000
Medical, pension fund and other allowances	34 500	13 000	49 878	31 500
<b>Total</b>	<u>772 620</u>	<u>616 142</u>	<u>588 478</u>	<u>900 282</u>

**15 REMUNERATION OF COUNCILLORS**

	2010 R	2009 R
Executive Mayor	556 405	520 146
Speaker	433 020	404 695
Councillors	5 801 284	5 565 362
Councillors' pension contribution	590 817	577 046
<b>Total Councillors' Remuneration</b>	<u>7 381 526</u>	<u>7 067 248</u>

**In-kind Benefits**

The Executive Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor has use of a Council owned vehicle for official duties. The Executive Mayor has a full-time driver and bodyguard

**BOJANALA PLATINUM DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>16 INTEREST PAID</b>	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
Long-term liabilities: Finance Leases	4 195	23 908
Bank overdrafts	0	0
<b>Total Interest on External Borrowings</b>	<b><u>4 195</u></b>	<b><u>23 908</u></b>

<b>17 GRANTS AND SUBSIDIES PAID</b>	<b>2010</b>	<b>2009</b>
Grant to Rustenburg Municipality	1 541 530	0
Grant to Kgetlengrivier Municipality	2 088 783	0
Grant to Moses Kotane Municipality	0	0
Grant to Madibeng Municipality	3 778 410	3 212 000
Grant to Moretele Municipality	153 900	10 190 300
Expenditure on regional facilities/special projects	87 579 463	51 382 620
Study loans converted to grants	0	4 000
<b>Total Grants and Subsidies</b>	<b><u>95 142 086</u></b>	<b><u>64 788 920</u></b>

The grants paid are in the form of special projects.

**18 .1 GENERAL EXPENSES**

Insentive for volunteers	791 146	13 466
Advertising cost	101 976	1 004 582
Stationery	695 277	633 147
Bank charges	153 363	139 593
Printing Cost	96 290	118 687
Commission Levy Collection Consultant	0	39 855
Rental offices	2 207 225	919 760
Rental Office machines	1 429 693	926 114
Membership fees SALGA & Compensation Commision	745 593	265 820
Membership fees	25 000	18 497
Materials and stocks	301 440	348 500
Entertainment cost	1 246 636	1 050 791
Training	203 116	691 508
Aufit fees	1 544 965	1 095 228
Audit Committee payments	28 186	32 628
Postage	11 576	12 084
Telephone and fax	2 923 105	2 089 539
Programming	4 500	18 145
Buy back pensioen	0	-
Professional fees	111 014	472 416
Lawbooks and amendments/ professional and technical library	81 795	54 941
Legal expences	479 037	33 903
Contribution medical aid continued members	53 320	39 273
Publications	299 415	913 076
Registration Fees Workshops/seminars & Travelling & Subsisi	2 612 392	2 062 884
Skills development levy	675 088	447 164
Uniforms and protective clothing	563 684	221 622
Reservists stipend	5 100	-
Disposable tents and salvage sheets	1 715 206	343 000
CBRA	21 740	-
Disaster awareness programmes	160 249	114 823
Burial of indigents	190 074	107 938
Subscriptions	13 611	2 100
Water quality monitoring	54 270	33 455
Insurance	1 362 247	1 284 640
Food samples	211 085	77 569
Vehicle fuel	1 469 755	1 447 484
Employee assistance	10 944	1 050
Support FPA	946 307	-
M H S equipment	465 895	22 737
Water electricity and services accounts	659 142	396 778
Radio and repeater lisences	66 873	6 512
Promotional material	237 089	194 160
Payment security guards	2 492 024	1 049 197
Airport BI annual exercise	28 296	41 102
All cylinders hydro testing	16 136	21 050
Mayor's residence	40 267	120 011
Computer licences	66 324	377 567
Computer utilities	601 458	175 233
Accommodation	126 968	13 296
Consulting fees	1 361 381	313 791
Radio communication	57 105	13 200
BPDM news	1 800	105 714
Electronic media	59 090	84 660
Newspaper insurts	118 997	39 784
BPDM website	0	-
Branding and corporate gifts	382 561	513 927
General Expenses from grants	4 188 883	6 174 435
<b>Total</b>	<b><u>34 515 711</u></b>	<b><u>47 302 433</u></b>

**.2 LOSS AT DISPOSAL OF ASSETS**

Loss through disposal of assets	79 660	49 147
Loss due to scrapping of assets	0	1 160 960
	<u>79 660</u>	<u>1 210 107</u>

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**19 .1 CORRECTION OF ERRORS**

**2010**

**2009**

**19.1.1 Correction of Error**

Receipts of previous year recognised as Regional Services Levy income. Payment was meant for municipal services rendered by Rustenburg Municipality.

It has been restated as follows:

Accumulated Surplus Debit	62 680
Other Creditors Cr	62 680

Net effect on Accumulated Surplus	<u><u>-62 680</u></u>
-----------------------------------	-----------------------

**19.1.2 Correction of Error**

Redemption of study loan was recognised as interest on study loans in previous year. This resulted in over recovery of study loan.

It has been restated as follows

Accumulated Surplus Debit	2 400
Other creditors	2 400

Net effect on accumulated surplus	<u><u>-2 400</u></u>
-----------------------------------	----------------------

**19.1.3 Correction of Error**

During the 2009 financial year, depreciation was erroneously calculated on a deposit paid in respect of a Fire Truck. The asset was not completed and should have been excluded from the depreciation calculation.

This calculation has been corrected and the effect on the comparative information is as follows:

Property, Plant and Equipment	
- Accumulated depreciation - 2009	434 483
Net effect on surplus/deficit for the year	<u><u>434 483</u></u>

**19.1.4 Correction of error**

During the performance of the Remaining Useful Life assessment it was established that a number of assets have been fully depreciated in years prior to the adoption of GRAP 17.

In order to align the measurement principles of all assets a retrospective adjustment is made to the estimated useful lives of these assets and the initial estimates is considered to be an error in adjustment.

The effect on the comparative information is as follows:

Property, Plant and Equipment	
- Accumulated depreciation - 2008	1 054 494
- Accumulated depreciation - 2009	-270 012
Net effect on surplus/deficit for the year	<u><u>784 482</u></u>

**19.1.5 Correction of error**

Historically, values of land and buildings were consolidated. This resulted in the incorrect measurement of depreciation for the financial years up to 30 June 2009. During 2010 financial year Land and Building values have been identified and the correct depreciation has been calculated. The effect on the comparative information is as follows:

Property, Plant and Equipment	
- Accumulated depreciation - 2008	-625 397
- Accumulated depreciation - 2009	-123 333
Net effect on surplus/deficit for the year	<u><u>-748 731</u></u>

**Summary Notes 19.1.1 to 19.1.5**

Net effect on accumulated surplus 2008 (Statement of Changes Net Assets)	364 017
Net effect on depreciation 2009 (Statement of Financial Performance)	<u><u>-41 138</u></u>

**19 .2 Changes in Accounting Policy**

Not allowed to create general reserves in terms of GRAP. Applied the accounting policy change retrospectively op financial year 2008/2009

Government Grant Reserve (debit)	5 955 620
Accumulated surplus 2008/09	5 955 620

BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>20 CASH GENERATED BY OPERATIONS</b>		
Surplus/(Deficit) for the year	19 193 034	63 567 213
Adjustment for:-		
Cash contributions from State		
Depreciation	7 055 870	5 782 804
Adjustment provisions		
Loss on disposal of property, plant and equipment	79 660	1 210 107
Contribution to bad debt provision	0	27 470
Fair value adjustments	0	-1 047 541
Investment income	-14 431 045	-16 581 749
Interest paid	4 195	23 908
<b>Operating surplus before working capital changes:</b>	<b>11 901 714</b>	<b>52 982 213</b>
Increase in provisions	0	421 712
(Increase)/decrease in other debtors	-966 662	168 620
(Decrease)/increase in conditional grants and receipts	-4 286 336	-6 294 971
(Decrease)/Increase in creditors	8 457 810	749 691
Decrease/(Increase) in VAT	-702 094	-1 519 927
<b>Cash generated by/(utilized in) operations</b>	<b>14 404 431</b>	<b>46 507 339</b>

**21 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	186 224 687	161 709 650
Call investment	0	0
Bank overdraft	0	0
<b>Total cash and cash equivalents</b>	<b>186 224 687</b>	<b>161 709 650</b>

**22 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**22.1 Unauthorized expenditure**

	2010 R	2009 R
Reconciliation of unauthorized expenditure		
Opening balance	0	0
Unauthorized expenditure current year	0	0
Approved by Council or condoned	0	0
Transfer to receivables for recovery (note 16)	0	0
Unauthorized expenditure awaiting authorization	<b>0</b>	<b>0</b>

**22.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure		
Opening balance	27 470	0
Fruitless and wasteful expenditure current year	0	27 470
Condoned or written off by Council	-27 470	
To be recovered – contingent asset (see note 40)	0	0
Fruitless and wasteful expenditure awaiting condonement	<b>0</b>	<b>27 470</b>
Creditor was paid twice for services rendered. Amount not recovered before end of financial year		

**22.3 Irregular expenditure**

	2010	2009
Reconciliation of irregular expenditure		
Opening balance	-	
Expenditure during the year	704 543	
Expenditure during the year	2 146 012	
Expenditure during the year	5 070 320	2 011 007
Expenditure during the year	501 923	211 862
Condoned by Council	(704 543)	
Irregular expenditure awaiting condonement	<b>7 718 255</b>	<b>2 222 869</b>

Note 1

Lease of Office space not acquired through competitive bidding process , total cost to be incurred over the two year lease period is R4,227,263 and has been ratified by council

Note 2

The R2,146,012 is a cumulative amount of bids ranging between R30,000 - R200,00 where we did not adhere to 7 days advertisement and the 80/20 principle not documented.However , three quotations system was used,

Catering ,décor and tents during arrangements for the World Cup

Accommodation, Conference and workshop facilities  
Specific venues were used for conferences and strategic workshops

Enhancement of software  
Upgrading of existing District Information system

Training  
Councillor training

Travel  
It includes transport to the World Cup PVA as well as air tickets for both local & international assignments

**BOJANALA PLATINUM DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 3

The amount indicated in the appointed letter was for the system but the actual implementation was as per the service level agreement which talks to implementation over a period of four at an agreed fee as per the bid document which forms the basis of the contract.

It is management view that the expenditure over and above the amount stated in the appointment letter is not irregular as it is covered by the SLA

Note 4

Annual maintenance fee on site support and training of new Supply Chain Management staff. This was not covered by the original appointment. It is management view that the expenditure in excess of the amount stated in the appointment letter is not irregular as the expenditure was necessary.

---



23 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

**23.1 Contributions to organized local government**

Opening balance	0	0
Council subscriptions	488 315	265 819
Amount paid - current year	488 315	-265 819
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>976 630</b>	<b>0</b>

**23.2 Audit fees**

Opening balance	0	0
Current year audit fee and Audit Committee members	1 573 151	1 095 227
Amount paid to Auditor General - current year	-1 544 965	
Amount paid to Audit Committee members - current year	-28 186	-1 095 227
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

**23.3 VAT**

VAT inputs receivables and VAT outputs receivables are shown in note 8 . All VAT returns have been submitted by the due date throughout the year.

**23.4 PAYE and UIF**

Opening balance	0	0
Current year payroll deductions	11 760 667	9 820 424
Amount paid - current year	-11 760 667	-9 820 424
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

**24.1 Pension and Medical Aid Deductions**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
Opening balance	0	0
Current year payroll deductions and Council Contributions	14 148 458	11 100 811
Amount paid - current year	-14 148 458	-11 100 811
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

**24.2 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

The Municipality did deviate from the procurement policy

Service Provider and kind of goods or service	Motivation	Value
See note 22.3		R

25 CAPITAL COMMITMENTS

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
Commitments in respect of capital expenditure:		
- Approved and contracted for	105 336 095	34 983 068
Infrastructure	105 336 095	34 983 068
Community	0	0
Other	0	0
- Approved but not yet contracted for	55 700 000	25 137 645
Infrastructure	10 500 000	25 137 645
Community	10 500 000	0
Other	34 700 000	0
<b>Total</b>	<b>161 036 095</b>	<b>60 120 712</b>

The expenditure will be financed from current revenue cash flows and grants. The expenditure is not recognised as Property, plant and equipment by the District Municipality as the assets are transferred to the local municipalities. These transfers are recognised as Grants Paid in the Statement of Financial Performance.

**26 RETIREMENT BENEFIT INFORMATION**

Contributions by Council in respect of Councillor and employees retirement funding have been expended in the year

**27 CONTINGENT LIABILITIES**

27.1) Amalgamated Services are claiming R698513 from the municipality for extra work done on a water project. The amount is contested by the Municipality. Legal cost is estimated at R100 000.00 if the claim succeeds.

27.2) There is an outstanding arbitration award to pay eight months salary to Mr Mpho Seromo. The amount is R283000. The award is currently on review at the Labour Court. No account as to legal costs incurred has been submitted.

**28 CONTINGENT ASSETS**

The municipality are claiming an amount of R500000 from Power House Utilities for a double payment in error for the purchase of a generator. The High Court case is pending. Legal cost of R80000.00 may be added but no account for legal costs has been submitted.

**29 EVENTS AFTER THE REPORTING DATE**

None

**30 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E (1) and E (2).

**BOJANALA PLATINUM DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
<b>31 FINANCE LEASE OBLIGATION</b>	2010	2009
Minimum Lease Payments Due		
Within One Year	6 480	66 860
In second and fifth year inclusive	<u>1 080</u>	<u>7 560</u>
	7 560	74 420
Less future finance charges	<u>766</u>	<u>4 962</u>
Present value of minimum lease payments	<u>6 794</u>	<u>69 458</u>
Present value of Lease Payments Due		
Within One Year	5 737	62 665
In second and fifth year inclusive	<u>1 057</u>	<u>6 794</u>
	<u>6 794</u>	<u>69 458</u>

The Gestetner lease is secured by office equipment under financial lease. The effective interest is 17.38% and is repayable in 36 equal installments of R12076 of which the first was paid in December 2006. The last installment was paid in November 2009. (See Note 2)

The Technofin lease is secured by office equipment. The effective interest rate is 17.5% and is repayable in 36 equal installments of R540 of which the first was paid on 17 September 2009. The last installment will be paid in August 2011

**32 MINIMUM LEASE PAYMENTS: OPERATING LEASE**

Bojanala Platinum District Municipality leases office buildings in terms of an operating lease agreement starting on 1 July 1997. These lease agreement provides for payments per month with an escalation of 12% per year.

Future minimum lease payments

The total future minimum lease payments are payable over the following periods:

	2010 R	2009 R
Payments due within 12 months	1 232 952	1 156 631
Payments due 2 to 5 years	<u>2 324 995</u>	<u>584 375</u>
Total	<u>3 557 946</u>	<u>1 741 006</u>

**33 AWARDS TO CLOSE FAMILY MEMBERS IN TERMS OF SECTION 45 OF THE**

No transactions in 2008/09 and 2009/10

**34 RELATED PARTY TRANSACTIONS**

Spent on related suppliers during 2009/10

BOYCE ENTERTAINMENT PRODU	171 800
MALEKGOFI TRADING ENTERPR	58 500
TSHEPANANG KA KUTLWANO L	71 940
TISETSO CATERING & MULTI	29 360
	<u>12 000</u>

Related party transactions with staff

Study Loans to employees	13 068	1 900
PPE disposed off by awarding tenders to staff members	0	504 000

Assistance with the cost of personal studies is given. If successful with the studies Disposal of assets to staff members via the awarding of tenders

35 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The municipality is at risk in the following areas:

- (i) Credit Risk, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.
- (ii) Interest Rate Risk, which is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

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

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

	2010	2009
Fixed Deposit Investments	0	0
Long-term Receivables	0	0
Current portion of long-term debtors	0	0
Other Debtors	1 293 967	327 305
Short-term Investment Deposits	0	0
Bank and Cash Balances	186 224 688	161 709 650
<b>Maximum Credit and Interest Risk Exposure</b>	<b><u>187 518 655</u></b>	<b><u>162 036 955</u></b>

**APPENDIX B**  
**BOJANALA PLATINUM DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost/Revaluation				Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Land	1 300 000	356 372	-	-	1 656 372	-	-	-	-	1 656 372
Buildings	5 446 525	-	-	-	5 446 525	1 048 788	299 773	-	1 348 561	4 097 964
	<b>6 746 525</b>	<b>356 372</b>	-	-	<b>7 102 897</b>	<b>1 048 788</b>	<b>299 773</b>	-	<b>1 348 561</b>	<b>5 754 336</b>
<b>Other Assets</b>										
Furniture and Fittings	2 865 840	414 196		(162 480)	3 117 555	1 075 361	376 020	(114 992)	1 336 389	1 781 166
Office Equipment	13 133 707	1 662 149		(551 196)	14 244 660	4 620 481	3 142 471	(535 037)	7 227 916	7 016 744
Security Equipment	340	-		-	340	249	23	-	272	68
Emergency equipment	1 534 320	-		(95 766)	1 438 554	545 632	287 340	(31 294)	801 677	636 877
Plant and Equipment	18 662	-		(400)	18 262	2 366	1 459	(400)	3 425	14 837
Vehicles	18 681 698	2 396 166		(327 806)	20 750 058	5 925 181	2 920 100	(154 114)	8 691 168	12 058 890
	<b>36 234 567</b>	<b>4 472 510</b>	-	<b>(1 137 648)</b>	<b>39 569 430</b>	<b>12 169 271</b>	<b>6 727 412</b>	<b>(835 836)</b>	<b>18 060 847</b>	<b>21 508 583</b>
<b>Leased Assets</b>										
Office Equipment	351 970	-	-	-	351 970	306 944	21 009	-	327 953	24 017
	<b>351 970</b>	-	-	-	<b>351 970</b>	<b>306 944</b>	<b>21 009</b>	-	<b>327 953</b>	<b>24 017</b>
<b>Intangible Assets</b>										
Computer Software	-	26 383	-	-	26 383	-	7 676	-	7 676	18 707
	-	<b>26 383</b>	-	-	<b>26 383</b>	-	<b>7 676</b>	-	<b>7 676</b>	<b>18 707</b>
<b>Total carried forward</b>	<b>43 333 062</b>	<b>4 855 266</b>	-	<b>(1 137 648)</b>	<b>47 050 680</b>	<b>13 525 003</b>	<b>7 055 870</b>	<b>(835 836)</b>	<b>19 745 037</b>	<b>27 305 643</b>

APPENDIX E(1)

**BOJANALA PLATINUM DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010**

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Regional Services Levies	9 090	0	9 090	-100%	Not budgeted
Regional Services Levies	15 710	0	15 710	-100%	Not budgeted
Rental of facilities and equipment	0	0	0		Not budgeted
Interest earned - external investments	14 431 045	7 500 000	6 931 045	92%	Beter than anticipated cash flows
Interest earned - outstanding debtors	0	0	0		Not budgeted
Government grants and subsidies	212 694 092	210 564 118	2 129 974	1%	Dependent on grant projects
Other income	235 160	0	235 160	-100%	Not budgeted
Gains on disposal of property, plant and equipment	0	0	0	0%	
<b>Total Revenue</b>	<b>227 385 097</b>		<b>227 385 097</b>	0%	Budget structure not fully GRAP compliant. AFS comply.
<b>EXPENDITURE</b>					
Employee related costs	62 467 968	74 065 772	-11 597 804	-16%	Not all positions filled
Remuneration of Councillors	7 381 526	7 840 906	-459 380	-6%	
Bad debts	0	0	0	-100%	Not budgeted
Depreciation	7 055 870	0	7 055 870	-100%	Not budgeted for
Repairs and maintenance	1 545 047	2 842 347	-1 297 300	-46%	All infrastructure assets transferred to municipalities
Grants and subsidies paid	95 142 086	213 936 639	-118 794 553	-56%	Different treatment of grants under GRAP
General expenses - other	34 515 711	35 282 781	-767 070	-2%	
<b>Total Expenditure</b>	<b>208 112 403</b>	<b>333 968 445</b>	<b>-125 856 042</b>	-38%	Budget not fully GRAP compliant
<b>Net Gains and losses</b>	<b>-79 660</b>	<b>0</b>	<b>-79 660</b>	-100%	Not budgeted
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>19 193 034</b>	<b>-333 968 445</b>	<b>353 161 479</b>	-106%	Budget structure not fully GRAP compliant. AFS comply.

APPENDIX E(2)

**BOJANALA PLATINUM DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010**

	2010 Actual	2010 Under Construction	2010 Total Additions	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
<b>Land and Buildings</b>							
Buildings	0	0	0	34 000 000	-34 000 000	-100%	Municipal offices still under discussion
	<b>0</b>	<b>0</b>	<b>0</b>	<b>34 000 000</b>	<b>-34 000 000</b>	<b>-100%</b>	
<b>Other Assets</b>							
Other Assets from cash flows	4 472 510	0	4 472 510	5 700 000	-1 227 490	-22%	Spend according to need
Intangible assets	26 368	0	26 368	0	26 368	100%	Part of budget above
	0	0	0	0	0	0%	Reclassification of assets per category
	0	0	0	0	0	0%	Reclassification of assets per category
	0	0	0	0	0	0%	Expenditure from grants not budgeted
	<b>4 498 878</b>	<b>0</b>	<b>4 498 878</b>	<b>5 700 000</b>	<b>-1 201 122</b>	<b>-21%</b>	
<b>Total Additions: Own Assets</b>	<b>0</b>	<b>0</b>	<b>4 498 878</b>	<b>39 700 000</b>	<b>-35 201 122</b>	<b>-89%</b>	

**APPENDIX F**  
**BOJANALA PLATINUM DISTRICT MUNICIPALITY**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

**Grants and Subsidies received: 2009/2010**

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Total	Total	Total	Total			
Equitable Share	DPLG		206 385 079	0	206 385 079	None	Not Applicable	None
Financial Management Grant	National Treasury	750 000	550 824	0	750 000	None	Yes	None
SETA Skills Development	SETA	265 676	0	0	0	None	Yes	None
IMMIS	Provincial	0	7 400	0	0	None	Yes	None
Expanded Public Works	National Treasury	1 007 000	0	0	0	None	Yes	None
Fire Support Grant	Provincial	0	245 923	0	0	None	Yes	None
Upgrading Fire Stations Grant	Provincial	0	265 830	0	0	None	Yes	None
Drought Relief Grant	DWARF	0	217 670	0	0	None	Yes	None
DMSP Grant	Provincial	0	1 095 741	0	0	None	Yes	None
Transitional and Amalgamation Grant	National Treasury	0	474 038	0	0	None	Yes	None
Disaster Management Grant	Provincial	0	1 274 063	0	0	None	Yes	None
City of Lathi Salary Vuokko	Foreign Donor	0	412 970	0	0	None	Yes	None
Ga Motla Housing	Provincial	0	850 539	0	0	None	Yes	None
Miscellaneous Receipts	Diverse	0	914 015	0	0	None	Yes	None
		2 022 676	212 694 092	0	207 135 079			

Equitable Share shown as expended in order that total grant expenditure recognised as revenue balance with Note 12

APPENDIX G  
BOJANALA PLATINUM DISTRICT MUNICIPALITY  
DISCLOSURE OF EXPENDITURE ON SOCCER WORLD CUP 2010

37 World Cup Expenditure

	2009/10		2008/09	
	Quantity	R	R	R
<b>Tickets acquired</b>	525	R 466 340.00	R 325 413.74	
<b>Distribution of tickets</b>				
Clients/Stakeholders				
Accounting Authority				
Executive	30	R 55 650.00	R 42 000.00	
Non-executive	88	R 163 240.00	R 75 600.00	
Accounting Officer	6	R 11 130.00	R -	
Senior Management	20	R 37 100.00	R 12 600.00	
Other employees	4	R 7 420.00	R 153 720.00	
Family members of officials				
Other government entities				
Audit Committee members				
Other				
Community teams	377	R 191 800.00	R 41 493.00	
Please specify				
Please specify				
Please specify				
No detail available			R -	
<b>Total</b>	<b>525.00</b>	<b>R 466 340.00</b>	<b>R 325 413.00</b>	

	2009/10	2008/09
<b>Travel costs</b>		
Clients/Stakeholders		
Accounting Authority		
Executive		
Non-executive		
Accounting Officer		
Senior Management		
Other employees		
Family members of officials		
Other government entities		
Audit Committee members		
Other		
Please specify		
Please specify		
Please specify		
Please specify		
Please specify		
	R -	R -

	2009/10		2008/09	
	Quantity	R	R	R
<b>Purchase of other world cup apparel</b>				
<i>Specify the nature of the purchase (e.g t-shirts, caps etc)</i>				
Catering	17472	R 1 639 047.85	R 70 460.00	
Water, Soft Drinks & Beveries	6495	R 83 852.85		
Medals and Trofee's	77	R 2 555.00		
Hiring of tents	8	R 6 200.00	R 6 000.00	
Accomodation	23	R 59 170.00		
Health Practioners Equipment	176	R 59 698.76		
Engineers Certificate		R -		
Drapings for tents		R -		
Chairs and Covers	500	R 2 830.00	R 1 250.00	
Tables and cloths	12	R 1 580.00		



Flower decorations	0	R	-	
Hiring of carpets	4	R	800.00	
Hiring of toilets	44	R	26 300.00	
Labour and delivering costs	1	R	4 100.00	
P A Systems & Big Screens	36	R	3 555 000.00	R 685 621.00
Winning team prizes	0	R	-	
Radio & newspaper adverts	36	R	541 913.00	
Posters and flyers	1000	R	2 950.00	
Cleaning and disposal of litter	43	R	121 507.00	
Photos, Entertainment, Programme Director	27	R	560 327.49	R 8 000.00
Security	2	R	1 065 170.00	
Tracksuits	0	R	-	
T - Shirts	5000	R	305 800.00	R 12 250.00
Bafana Bafana Jerseys	0	R	-	R 10 950.00
Jackets	10	R	6 750.00	
Meters crowd control tape / fencing	832	R	393 678.97	
Ambulance and paramedics	1	R	1 829.11	
Sportgear and equipment	0	R	-	
Payment Referees & admin fees		R	-	
payment marshals	50	R	5 000.00	
Transport supporters	50	R	1 603 635.16	
Vuvuzela's	2000	R	65 470.00	
Flags	2032	R	184 016.00	
Drilling Borehole & equipment	1	R	223 270.00	
Additional lights at P V A	1	R	118 324.00	
Infrastructure	1	R	944 973.00	
Décor and Draping	31	R	340 000.25	
vat		R	1 325 984.12	R 133 102.90
	<b>35 965.00</b>	<b>R</b>	<b>13 251 732.56</b>	<b>R 927 633.90</b>
<b>Total world cup expenditure</b>		<b>R</b>	<b>13 718 072.56</b>	<b>R 1 253 046.90</b>



