



MANGAUNG

City on the move

Mangaung Metropolitan Municipality Consolidated
Formerly Mangaung Local Municipality Consolidated
Annual Financial Statements
for the year ended 30 June 2011

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

General Information

Legal form of entity	An organ of state within the local sphere of government exercising legislative and executive authority.
Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community, mainly in the Mangaung area.
Jurisdiction of entity	Area FS172, as a local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS172.
Mayoral committee	
Executive Mayor	Morule FK
Deputy Executive Mayor	Siyonzana MA
	Choene SKM
	Makhanya KNL
	Marais A
	Mokotjo NG
	Moroka LS
	Mzozana NM
	Nzapheza FB
	Phupha NA
	Pongolo XD
	Ramokotjo FP
	Sechoaro CSK
	Sefuthi SM
	Stander AT
Mayoral Committee Members	
Chief Whip	
Speaker	

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General Information

*Bacela GM
Botes FR
Choene SKM
Dennis ME
Hlujane MD
Horn W
Jacobs TA
Jacobs TB
Janse v Vuuren DE
July LR
Khi ZT
Lazenby JAA
Lepoi MJ
Litabe TK
Mfazwe TM
Minnie H
Moilwa ME
Mokotjo NG
Mophethe TA
Mpakathe TS
Mtshwane KJ
Phokoje SD
Pongolo XD
Powell JD
Pretorius JC
Rametse MA
Ramokotjo FP
Ramona TM
Sechoaro CSK
Selaledi M
Siyonzana MA
Snyman van Deventer E
Terblanche AP
Toba AL
Tsomela MM
Van Biljon PJJ
Van der Merwe R
Zerwick AS

* Re-elected councillors

** Newly elected councillors

*** Term expired and councillors were not re-elected

Councillors

Mangaung Metropolitan Municipality Consolidated

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General Information

**Britz JF
Dibeco-Masuku MD
Dyosiba S
Eti MJ
Kaliya SG
Kuape PA
Lala TS
Leech D
Lekgela LE
Madelo BNV
Makhele ET
Makoko P
Malebo MC
Mangcotywa ZE
Manyoni TM
Maphakisa LE
Masoetsa LA
Mathobisa ML
Matsemelela MV
Matsoetlane MJ
Moeng MA
Mofokeng MJ
Mogamise ID
Mogorosi SO
Mohapi MW
Mohlouoa MB
Mokoloko PR
Moloabi RLAE
Monnaggori SA
Mononyane MB
Moopelo TM
Moroe TCL
Moruri MM
Mosiuoa TA
Motladile MZ
Motlatsi HJ
Mpeqeka MS
Naile TJ
Ndamane SS
Nkoe MJ
Parkie TD
Phajane MA
Phupha NA
Pretorious C
Rabela KN
Rampai CLM
Ratsiu NA
Sebothelo ME
Sekakanyo DM
Sikoyo ZG
Thipenyane GTM
Titi Odilie LM
Tobie EC
Van der Westhuizen P
Van Niekerk HJC
Viviers BJ
Ward VW
Zophe NM

* Re-elected councillors

** Newly elected councillors

*** Term expired and councillors were not re-elected

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General Information

***Adoons NL
Chobane PI
Dithebe GC
Erasmus JC
Finger SE
Fouche GS
Goliath EK
Grobbelaar JU
Human JS
Jenkinson CE
Khutlane MS
Leraisa SP
Lubbe GD
Machelebeta PP
Makae TJ
Makhanya KNL
Makhele MM
Makoa B
Marais T
Masoabi AM
Masoetlane MJ
Mavuya MA
Mbange MB
Mokgothu LG
Moletsane SG
Mompati MR
Moroka LS
Morutle FK
Motaung B
Mzozana NM
Nakedi SS
Nkanyane AN
Nkikane WT
Nothnagel J
Nthako TS
Nzapheza FB
Olivier GJ
Petersen JE
Phuti DJ
Ramathebane G
Ramokone MA
Saohatse GK
Seeco MA
Sefuthi SM
Soebehle SN
Somimi PM
Stander AT
Tanyane SP
Van der Merwe JP

* Re-elected councillors

** Newly elected councillors

*** Term expired and councillors were not re-elected

Accounting Officer

Mazibuko S

Chief Finance Officer (CFO)

Taye BR

Registered office

Bram Fischer Building
Cnr Nelson Mandela Street and Markgraaff Street
Bloemfontein
9301

Business address

Bram Fischer Building
Cnr Nelson Mandela Street and Markgraaff Street

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

General Information

	Bloemfontein 9301
Postal address	PO Box 3704 Bloemfontein 9300
Website	www.mangaung.co.za
Controlling entity	Mangaung Metropolitan Municipality
Economic entity	Mangaung Metropolitan Municipality Consolidated
Auditors	The Auditor-General of South Africa
Bankers	ABSA Bank Limited Development Bank of South Africa First National Bank Nedbank Limited Standard Bank

Mangaung Metropolitan Municipality Consolidated

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General Information

Attorneys

Bezuidenhouts Attorneys
Bosiu Attorneys
EG Coopers Attorneys
Fourie Attorneys
Hill, McHardy & Herbst Attorneys
Kramer Weihmann & Joubert Attorneys
Mabalane Seobe Attorneys
NW Phalatsi & Partners Attorneys
Rosendorff Reitz Barry Attorneys
Van der Merwe & Sorour Attorneys
Vermaak & Dennis Attorneys

Debt collectors

Messrs Alberts
Messrs Bezuidenhouts
Messrs Claude Reid
Messrs Hill, McHardy & Herbst
Messrs Matsepes
Messrs Naudes
Messrs Phatshoane Henney Inc
Messrs Rosendorff, Reits Barry
Messrs Stander, Venter & Kleynhans
Messrs Symington & De Kok
Messrs Thoabala Attorney
Messrs Van Wyk & Preller
Messrs Vermaak & Dennis
Messrs Vorster & Partners
Messrs Webbers
Messrs NICS (National Integrated Credit Solution)

Enabling legislation

The Division of Revenue Act of 2010
The Constitution of the Republic of South Africa
The Municipal Finance Management Act 56 of 2003
The Municipal Systems Act 32 of 2000

Mangaung Metropolitan Municipality Consolidated

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SALGA	South African Local Government Association

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Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2011.

1. Review of activities

Main business and operations

The economic entity is engaged in providing municipal services and maintaining the best interest of the local community, mainly in the Mangaung area and operates principally in the Free State province, South Africa.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Surplus of the economic entity was R 300,859,281 (2010: surplus R 301,984,479).

2. Subsequent events

Subsequent to year end, a council meeting was held on 23 November 2011 and the following items were condoned:

- Unauthorised expenditure, an amount of R 399,081,386 was condoned by the Council.
- Fruitless and wasteful expenditure, an amount of R 4,127,701 was condoned by the Council.

3. Accounting Officer's interest in contracts

None.

4. Accounting policies

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board including any interpretations and directives issued by the Accounting Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

5. Accounting Officer

The accounting officer of the entity during the year and to the date of this report is as follows:

Name	Nationality
Mazibuko S	South African

6. Controlling entity

The municipality's controlling entity is Mangaung Metropolitan Municipality.

7. Interest in controlled entities

Name of controlled entity	Country of incorporation	Loss for the year
Centlec Pty Ltd	South Africa	(112,895,451)

Details of the entity's investment in controlled entities are set out in note 15.

8. Metro status

The establishment of Mangaung Metro led to Motheo District Municipality being dissolved, effectively on the local government election day, 18 May 2011. However, the transfer of the relevant functions from Motheo District to Mangaung as a metro will be effective from 1 July 2011.

9. Fixed asset management

The municipality received a negative audit opinion and one of the reasons for this opinion relates to fixed assets management. During the year under review, management initiated a project to address these asset management challenges. These challenges were reported last year by the Auditor-General and management initiated a multi-year (2 phases) project to resolve these challenges.

Phase one of this project, which dealt mainly with moveable assets is almost complete. Part of phase one included the recreation of the fixed asset register and restatement of prior year fixed assets amounts. At year end, the process of compiling comparative figures, 2010 was still underway and therefore comparative figures are not available for disclosure purposes in the financial statement. However, the second and last phase is already

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Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Report

underway and should be completed in due course. The completion of this phase will mark the resolution of these asset management challenges.

The annual financial statements set out on pages 8 to 110, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2011 and were signed on its behalf by:

Mazibuko S
Accounting Officer

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

	Notes	Economic entity		Controlling entity	
		2011 R	2010 R	2011 R	2010 R
Assets					
Current Assets					
Inventories	4	43,245,211	55,740,169	9,377,337	11,438,504
Other financial assets	5	11,249,963	14,276,350	24,599,195	27,617,037
Trade and other receivables from exchange transactions	6	108,990,750	82,365,461	84,875,978	79,287,834
Other receivables from non-exchange transactions	7	79,567	395,802	79,567	395,802
VAT receivable	8	21,408,869	19,162,271	-	-
Consumer receivables	9	342,569,343	326,371,687	200,044,183	152,879,297
Cash and cash equivalents	10	246,465,537	47,212,179	231,675,533	46,995,821
		774,009,240	545,523,919	550,651,793	318,614,295
Non-Current Assets					
Heritage assets	11	5,601,720	3,416,928	5,601,720	3,416,928
Investment property	12	42,448,829	42,448,829	42,448,829	42,448,829
Property, plant and equipment	13	4,248,358,303	4,265,928,393	3,057,706,513	2,968,447,567
Intangible assets	14	13,023,530	9,253,620	12,317,979	9,253,620
Investments in controlled entities	15	-	-	100	100
Other financial assets	5	2,510,270	11,570,098	810,814,935	814,073,734
		4,311,942,652	4,332,617,868	3,928,890,076	3,837,640,778
Total Assets		5,085,951,892	4,878,141,787	4,479,541,869	4,156,255,073
Liabilities					
Current Liabilities					
Other financial liabilities	17	2,184,181	1,976,260	2,184,181	1,976,260
Current portion of finance lease obligation	18	1,287,310	1,916,360	1,176,310	1,729,914
Trade and other payables from exchange transactions	19	580,501,101	550,187,727	720,290,729	678,579,329
Payables from non-exchange transactions	20	2,329,231	3,660,624	2,329,231	3,660,624
VAT payable	21	75,859,268	87,095,362	75,859,268	87,095,362
Consumer deposits	22	73,795,196	63,476,050	27,464,066	25,107,132
Conditional grants and receipts	23	232,964,135	233,795,582	231,636,753	232,754,790
		968,920,422	942,107,965	1,060,940,538	1,030,903,411
Non-Current Liabilities					
Other financial liabilities	17	20,162,975	10,517,382	20,162,975	10,517,382
Non-current portion of finance lease obligation	18	1,909,252	723,766	1,677,641	644,038
Retirement benefit obligation	24	407,300,837	350,917,000	407,300,837	350,917,000
Provisions	25	77,192,331	74,285,678	77,192,331	74,285,678
		506,565,395	436,443,826	506,333,784	436,364,098
Total Liabilities		1,475,485,817	1,378,551,791	1,567,274,322	1,467,267,509
Net Assets		3,610,466,075	3,499,589,996	2,912,267,547	2,688,987,564
Net Assets					
Reserves					
Housing development fund reserve	27	3,650,426	11,202,948	3,650,426	11,202,948
Revaluation reserve	28	1,485,723,741	1,483,538,949	589,621,986	587,437,194

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Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

		Economic entity		Controlling entity	
	Notes	2011 R	2010 R	2011 R	2010 R
Mark-to-market reserve	29	9,333	7,832	9,333	7,832
Self insurance reserve	30	76,090,167	74,606,710	76,090,167	74,606,710
COID reserve	31	10,996,660	14,313,277	10,996,660	14,313,277
Accumulated surplus		2,033,995,748	1,915,920,280	2,231,898,975	2,001,419,603
Total Net Assets		3,610,466,075	3,499,589,996	2,912,267,547	2,688,987,564

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Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

	Notes	Economic entity		Controlling entity	
		2011 R	2010 R	2011 R	2010 R
Revenue from exchange transactions					
Income from agency services		-	-	115,010,183	107,165,586
Licences and permits		203,192	199,304	203,192	199,304
Rental of facilities and equipment	32	34,858,426	19,981,649	34,858,426	19,981,649
Service charges	33	1,688,055,810	1,356,507,173	557,558,699	429,527,465
		<u>1,723,117,428</u>	<u>1,376,688,126</u>	<u>707,630,500</u>	<u>556,874,004</u>
Revenue from non-exchange transactions					
Fines		1,642,301	1,385,004	1,642,301	1,385,004
Government grants and subsidies	34	888,845,901	854,517,772	881,341,483	853,664,974
Property rates	35	396,843,392	338,503,889	396,843,392	342,459,519
		<u>1,287,331,594</u>	<u>1,194,406,665</u>	<u>1,279,827,176</u>	<u>1,197,509,497</u>
Interest received	36	55,737,151	65,883,503	169,872,860	168,976,929
Other income	37	77,690,935	57,033,794	53,179,476	32,569,504
		<u>133,428,086</u>	<u>122,917,297</u>	<u>223,052,336</u>	<u>201,546,433</u>
Total income		<u>3,143,877,108</u>	<u>2,694,012,088</u>	<u>2,210,510,012</u>	<u>1,955,929,934</u>
Expenditure					
Bulk purchases	38	(1,008,916,816)	(779,684,609)	(250,218,544)	(187,207,256)
Contracted services	39	(115,600,370)	(122,956,944)	(97,411,889)	(114,119,000)
Debt impairment	40	(216,770,042)	(93,235,427)	(134,287,282)	(82,710,130)
Depreciation and amortisation	41	(288,056,329)	(168,256,851)	(140,848,150)	(123,024,585)
Employee related costs	42	(765,829,459)	(685,474,627)	(763,883,608)	(681,634,728)
Finance costs	43	(68,965,213)	(50,495,554)	(38,229,358)	(41,039,433)
General expenses	44	(263,129,377)	(339,911,650)	(255,323,179)	(272,390,381)
Grants and subsidies paid	45	(8,184,688)	(3,557,577)	(26,184,688)	(42,000,502)
Impairment loss	47	(1,073,762)	-	-	-
Remuneration of councillors	46	(22,625,638)	(21,904,381)	(22,625,638)	(21,904,381)
Repairs and maintenance		(93,252,796)	(118,865,107)	(77,027,376)	(93,725,752)
		<u>(2,852,404,490)</u>	<u>(2,384,342,727)</u>	<u>(1,806,039,712)</u>	<u>(1,659,756,148)</u>
Gain on disposal of assets and liabilities		116,620	3,931,995	2,772,870	3,931,995
Loss on foreign exchange		-	(167,058)	-	(167,058)
Actuarial gain / (loss) on defined benefit plan obligation		9,091,000	(11,425,000)	9,091,000	(11,425,000)
		<u>9,207,620</u>	<u>(8,660,063)</u>	<u>11,863,870</u>	<u>(8,660,063)</u>
Surplus for the year		<u>300,680,238</u>	<u>302,009,298</u>	<u>416,334,170</u>	<u>288,513,723</u>

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

	Housing development fund reserve R	Revaluation reserve R	Mark-to-market reserve R	Self insurance reserve R	COVID reserve R	Total reserves R	Accumulated surplus R	Total net assets R
Economic entity								
Opening balance as previously reported	21,376,064	1,480,035,865	6,160	73,132,814	13,654,505	1,588,205,408	1,516,119,365	3,104,324,773
Adjustments								
Change in accounting policy	-	-	-	-	-	-	(16,310,103)	(16,310,103)
Correction of prior period error and adjustments	-	-	-	-	-	-	105,971,807	105,971,807
Balance at 01 July 2009 as restated	21,376,064	1,480,035,865	6,160	73,132,814	13,654,505	1,588,205,408	1,605,781,069	3,193,986,477
Changes in net assets								
Asset revaluations	-	3,415,157	-	-	-	3,415,157	-	3,415,157
Prior period adjustment	-	87,927	-	-	-	87,927	-	87,927
Insurance claims processed	-	-	-	(824,014)	(1,688,128)	(2,512,142)	2,626,426	114,284
Transfers	(10,173,116)	-	-	-	-	(10,173,116)	10,173,116	-
Contributions	-	-	-	2,297,910	2,346,900	4,644,810	(4,644,810)	-
Fair value gain	-	-	1,672	-	-	1,672	-	1,672
Net income (losses) recognised directly in net assets	(10,173,116)	3,503,084	1,672	1,473,896	658,772	(4,535,692)	8,154,732	3,619,040
Surplus for the period	-	-	-	-	-	-	301,984,479	301,984,479
Total recognised income and expenses for the period	(10,173,116)	3,503,084	1,672	1,473,896	658,772	(4,535,692)	310,139,211	305,603,519
Total changes	(10,173,116)	3,503,084	1,672	1,473,896	658,772	(4,535,692)	310,139,211	305,603,519
Opening balance as previously reported	11,202,948	1,483,538,949	7,832	74,606,710	14,313,277	1,583,669,716	1,915,945,099	3,499,614,815
Adjustments								
Correction of prior period error	-	-	-	-	-	-	(192,196,568)	(192,196,568)
Balance at 01 July 2010 as restated	11,202,948	1,483,538,949	7,832	74,606,710	14,313,277	1,583,669,716	1,723,748,531	3,307,418,247
Changes in net assets								
Asset revaluations	-	2,184,792	-	-	-	2,184,792	-	2,184,792
Insurance claims processed	-	-	-	(1,031,205)	(5,850,844)	(6,882,049)	6,884,303	2,254
Transfers	(7,552,522)	-	-	-	-	(7,552,522)	7,552,522	-

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Statement of Changes in Net Assets

	Housing development fund reserve	Revaluation reserve	Fair value adjustment assets- available-for-sale reserve	Insurance reserve	COID reserve	Total reserves	Accumulated surplus	Total net assets
	R	R	R	R	R	R	R	R
Contributions	-	-	-	2,514,662	2,534,227	5,048,889	(5,048,889)	-
Fair value gain	-	-	1,501	-	-	1,501	-	1,501
Net income (losses) recognised directly in net assets	(7,552,522)	2,184,792	1,501	1,483,457	(3,316,617)	(7,199,389)	9,387,936	2,188,547
Surplus for the period	-	-	-	-	-	-	300,859,281	300,859,281
Total recognised income and expenses for the period	(7,552,522)	2,184,792	1,501	1,483,457	(3,316,617)	(7,199,389)	310,247,217	303,047,828
Total changes	(7,552,522)	2,184,792	1,501	1,483,457	(3,316,617)	(7,199,389)	310,247,217	303,047,828
Balance at 30 June 2011	3,650,426	1,485,723,741	9,333	76,090,167	10,996,660	1,576,470,327	2,033,995,748	3,610,466,075
Notes	27	28	29	30	31			

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Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

	Housing development fund reserve	Revaluation reserve	Fair value adjustment assets- available-for-sale reserve	Insurance reserve	COVID reserve	Total reserves	Accumulated surplus	Total net assets
	R	R	R	R	R	R	R	R
Controlling entity								
Opening balance as previously reported	21,376,064	584,022,037	6,160	73,132,814	13,654,505	692,191,580	1,628,382,589	2,320,574,169
Adjustments								
Change in accounting policy	-	-	-	-	-	-	(16,310,103)	(16,310,103)
Correction of prior period error and adjustments	-	-	-	-	-	-	92,678,662	92,678,662
Balance at 01 July 2009 as restated	21,376,064	584,022,037	6,160	73,132,814	13,654,505	692,191,580	1,704,751,148	2,396,942,728
Changes in net assets								
Asset revaluations	-	3,415,157	-	-	-	3,415,157	-	3,415,157
Fair value gain	-	-	1,672	-	-	1,672	-	1,672
Transfers	(10,173,116)	-	-	-	-	(10,173,116)	10,173,116	-
Contributions	-	-	-	2,297,910	2,346,900	4,644,810	(4,644,810)	-
Insurance claims processed	-	-	-	(824,014)	(1,688,128)	(2,512,142)	2,626,426	114,284
Net income (losses) recognised directly in net assets	(10,173,116)	3,415,157	1,672	1,473,896	658,772	(4,623,619)	8,154,732	3,531,113
Surplus for the period	-	-	-	-	-	-	288,513,723	288,513,723
Total recognised income and expenses for the period	(10,173,116)	3,415,157	1,672	1,473,896	658,772	(4,623,619)	296,668,455	292,044,836
Total changes	(10,173,116)	3,415,157	1,672	1,473,896	658,772	(4,623,619)	296,668,455	292,044,836
Opening balance as previously reported	11,202,948	587,437,194	7,832	74,606,710	14,313,277	687,567,961	2,001,419,595	2,688,987,556
Adjustments								
Correction of prior period error and adjustments	-	-	-	-	-	-	(195,242,726)	(195,242,726)
Balance at 01 July 2010 as restated	11,202,948	587,437,194	7,832	74,606,710	14,313,277	687,567,961	1,806,176,869	2,493,744,830
Changes in net assets								
Asset revaluations	-	2,184,792	-	-	-	2,184,792	-	2,184,792
Fair value gain	-	-	1,501	-	-	1,501	-	1,501

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Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

	Housing development fund reserve	Revaluation reserve	Fair value adjustment assets- available-for-sale reserve	Insurance reserve	COID reserve	Total reserves	Accumulated surplus	Total net assets
	R	R	R	R	R	R	R	R
Transfers	(7,552,522)	-	-	-	-	(7,552,522)	7,552,522	-
Contributions	-	-	-	2,514,662	2,534,227	5,048,889	(5,048,889)	-
Insurance claims processed	-	-	-	(1,031,205)	(5,850,844)	(6,882,049)	6,884,303	2,254
Net income (losses) recognised directly in net assets	(7,552,522)	2,184,792	1,501	1,483,457	(3,316,617)	(7,199,389)	9,387,936	2,188,547
Surplus for the period	-	-	-	-	-	-	416,334,170	416,334,170
Total recognised income and expenses for the year	(7,552,522)	2,184,792	1,501	1,483,457	(3,316,617)	(7,199,389)	425,722,106	418,522,717
Total changes	(7,552,522)	2,184,792	1,501	1,483,457	(3,316,617)	(7,199,389)	425,722,106	418,522,717
Balance at 30 June 2011	3,650,426	589,621,986	9,333	76,090,167	10,996,660	680,368,572	2,231,898,975	2,912,267,547
Notes	27	28	29	30	31			

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Annual Financial Statements for the year ended 30 June 2011

Cash Flow Statement

	Notes	Economic entity		Controlling entity	
		2011 R	2010 R	2011 R	2010 R
Cash flows from operating activities					
Receipts					
Taxation		-	30,985,715	-	30,985,715
Grants		880,223,445	668,917,774	880,223,445	668,917,774
Interest income received		30,837,197	168,922,058	9,975,908	149,617,342
Cash receipts from customers		2,250,294,665	1,625,995,604	1,100,316,815	687,970,550
Other receipts		52,408,905	145,647,028	52,408,905	145,647,028
		<u>3,213,764,212</u>	<u>2,640,468,179</u>	<u>2,042,925,073</u>	<u>1,683,138,409</u>
Payments					
Employee costs		(453,295,752)	(688,135,154)	(453,295,752)	(688,135,154)
Suppliers		(1,309,796,399)	(934,766,955)	(462,507,231)	(219,744,828)
Finance costs		(165,678,157)	(131,819,941)	-	-
Other payments		(714,395,347)	(294,580,329)	(714,395,348)	(294,580,329)
		<u>(2,643,165,655)</u>	<u>(2,049,302,379)</u>	<u>(1,630,198,331)</u>	<u>(1,202,460,311)</u>
Net cash flows from operating activities	48	<u>570,598,557</u>	<u>591,165,800</u>	<u>412,726,742</u>	<u>480,678,098</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(269,859,659)	(699,250,070)	(229,582,751)	(600,523,308)
Proceeds from sale of property, plant and equipment	13	2,656,250	4,333	-	-
Purchase of other intangible assets	14	(4,131,661)	-	(3,426,110)	-
Proceeds from sale of financial assets		(6,889,764)	(75,844,835)	(6,889,764)	(75,844,835)
Advance / repayment of loan		(110,360,624)	(123,165,061)	-	-
Finance income		-	8,568,971	-	8,568,971
		<u>(388,585,458)</u>	<u>(889,686,662)</u>	<u>(239,898,625)</u>	<u>(667,799,172)</u>
Net cash flows from investing activities		<u>(388,585,458)</u>	<u>(889,686,662)</u>	<u>(239,898,625)</u>	<u>(667,799,172)</u>
Cash flows from financing activities					
Proceeds from other financial liabilities		11,829,774	47,749,715	11,829,774	-
Repayment of other financial liabilities		(13,838,035)	-	(1,976,260)	(1,785,058)
Proceeds from loans		17,174,003	15,618,566	-	-
Finance lease raised/(paid)		1,200,474	(682,567)	1,124,037	(572,114)
Consumer deposits		2,356,934	1,217,359	2,356,934	1,217,359
Finance cost		(1,482,891)	(2,652,283)	(1,482,890)	(2,652,283)
		<u>17,240,259</u>	<u>61,250,790</u>	<u>11,851,595</u>	<u>(3,792,096)</u>
Net cash flows from financing activities		<u>17,240,259</u>	<u>61,250,790</u>	<u>11,851,595</u>	<u>(3,792,096)</u>
Net increase/(decrease) in cash and cash equivalents		<u>199,253,358</u>	<u>(237,270,072)</u>	<u>184,679,712</u>	<u>(190,913,170)</u>
Cash and cash equivalents at the beginning of the year		47,212,179	284,482,251	46,995,821	237,908,991

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Cash Flow Statement

		Economic entity		Controlling entity	
	Notes	2011 R	2010 R	2011 R	2010 R
Cash and cash equivalents at the end of the year	10	<u>246,465,537</u>	<u>47,212,179</u>	<u>231,675,533</u>	<u>46,995,821</u>

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Reporting municipality

Mangaung Metropolitan Municipality ("the economic entity") is a local government institution in Bloemfontein in the Mangaung area. The address of its registered office, principal place of business and its principal activities are disclosed under "General Information" in the annual report.

2. Presentation of annual financial statements

2.1 Statement of compliance

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The annual financial statements were authorised for issue on 30 September 2011.

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

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

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

2.2 Going concern assumption

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

2.3 Functional and presentation currency

These annual financial statements are presented in South African Rand, which is the entity's functional currency. All financial information has been rounded to the nearest Rand.

2.4 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to set off amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements include:

Trade receivables, loans and other receivables

The entity assesses its trade receivables, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, loans and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.5 Use of estimates and judgements (continued)

national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Available-for-sale financial assets

The entity follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the entity evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete inventory

An allowance is made for slow-moving, damaged and obsolete inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Fair value estimation

The fair value of financial instruments traded in active markets, such as trading and available-for-sale securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the provisions note.

Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

Useful lives and residual values

The municipal entity re-assess the useful lives and residual values of property, plant and equipment on an annual basis. In re-assessing the useful lives and residual values of property, plant and equipment management considers the condition and use the individual assets, to determine the remaining period over which the asset will be used. This estimate is based on industry norm. Management will increase the depreciation charge prospectively where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost or income include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and medical aid obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in post retirement benefits note.

Effective interest rate and deferred payment terms

The entity used the prime interest rate adjusted for rates used by main suppliers or creditors to discount future cash flows.

2.6 Consolidation

Basis of consolidation

Consolidation of controlled entities

Consolidated annual financial statements are the annual financial statements of the economic entity presented as those of a single entity.

The consolidated annual financial statements of the economic entity incorporate the annual financial statements of the municipality which is the controlling entity, and all its controlled entities. Controlled entities are entities, including an unincorporated entity such as a partnership controlled by the controlling entity. Controlled entities include municipal controlled entities and special purpose entities.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

The results of controlled entities, are included in the consolidated annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases.

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.6 Consolidation (continued)

The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as cost on initial measurement of a financial asset.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

2.7 Investments in controlled entities

Economic entity annual financial statements

The economic entity annual financial statements include those of the controlling entity and its controlled entities. The revenue and expenses of the controlled entities are included from the effective date of acquisition.

On acquisition the economic entity recognises the controlled entity's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Municipality annual financial statements

In the municipality's separate annual financial statements, investments in controlled entities are carried at cost.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; plus
- any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

2.8 Property, plant and equipment

Property, plant and equipment are tangible non-current assets, including infrastructure assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost on acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to and replace part of. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and servicing equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, major spare parts and servicing equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.8 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Each part of an item of property plant and equipment with a cost that is significant in relation to the total cost of an item shall be depreciated separately.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent measurement - Revaluation model (Land and Buildings)

Subsequent to initial recognition items of property, plant and equipment are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Land is not depreciated, except for landfill and quarry sites, as it is deemed to have an indefinite useful life.

Revaluations are performed every 5 years by registered valuers for every class separately.

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

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

Subsequent measurement - Cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

Depreciation and impairment

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Land is not depreciated and depreciation commence when the asset is ready for intended use.

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The useful lives for the current and previous financial year are as follows:

Item	Estimated useful life
Buildings	30-40
Machinery	5
Furniture and fixtures	5-15
Motor vehicles	4-10
Office equipment	3-5
IT equipment	3
Infrastructure assets	
- Electricity plant transmission and distribution network	5-60
Community assets	
- Recreational facilities	20-30
Specialised plant and equipment	3-5
Other leased assets - Equipment	5
Finance leases - 3G cards	3
Finance leases - Cell phones	2
Security	3-5
Specialised vehicles	10-15
Roads and storm water	15-30
Quarries	20-30
Landfill sites	15
Water and sewerage network	15-20
Housing	30
Other property, plant and equipment	3-5

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.8 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying value and is recognised in the Statement of Financial Performance.

2.9 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

For an intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research or on the research phase of an internal project is recognised as an expense when it is incurred.

Subsequent to initial recognition Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Estimated useful life
Computer software, other	3 years

Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the municipality is able to charge the public for the use of the infrastructure to the end of the concession period.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

2.10 Investment property

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn long-term rentals yields and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.10 Investment property (continued)

services, or the sale of an asset in the ordinary course of operations.

Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

At initial recognition, the group measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Fair value

Subsequently investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

2.11 Heritage assets

The entity displays wild animals primarily for the conservation of endangered species as well as for education purposes. The entity also displays orchids in the orchid house which are kept and cared for in the Orchid Greenhouse, for the same reasons. The service potential embodied in the zoo and nature reserve animals and the orchids mainly arises from the benefit to preserve the specific asset for present and future generations.

Initial recognition

Biological and other assets recognised as heritage assets are initially recognised and measured at its cost. When the asset is acquired through a non-exchange transaction, its cost is measured at its fair value at the date of acquisition.

Subsequent measurement

Heritage assets of the entity are subsequently measured at fair value. It is not expected that the fair values will differ significantly from year to year, based on the condition, breeding and age of the animals currently kept by the entity. Fair value assessments therefore will be done every five years.

Impairment

The heritage assets of the entity shall not be depreciated but will be assessed at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalue amount, any difference between the fair value of the asset at that date and its previous carrying amount shall be recognised in surplus or deficit.

Derecognition

The carrying amount of a heritage asset shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is 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.

2.12 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity

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Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.12 Financial instruments (continued)

instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Loans to entities

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to economic entities are classified as loans and receivables.

Available-for-sale financial assets

Fair value adjustments on available-for-sale financial instruments are recognised in the Mark-to-market reserve.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Subsequent measurement

Loans and receivables

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Amortised cost refers to the initial carrying amount, plus interest and less repayments.

Held-to-maturity investments

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial asset

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Consumer deposits are subsequently recorded in accordance with the accounting policy of trade and other payables. The interest rate specific to consumer deposits are 4% per annum.

Fair value determination

Fair value information for trade and other receivables is determined as the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.12 Financial instruments (continued)

The fair values of quoted investments, such as available for sale investments are based on current bid prices.

If the market for a financial asset is not active and for unlisted securities, the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds, net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the economic entity's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the entity has the positive intention and ability to hold to maturity are classified as held to maturity.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Impairment of financial assets

The economic entity assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The economic entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

2.13 Inventories

Inventory are initially measured at cost except where inventory are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventory are measured at the lower of cost and net realisable value.

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2.13 Inventories (continued)

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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

The cost of inventory of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventory is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventory having a similar nature and use to the entity.

When inventory are sold, the carrying amounts of those inventory are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventory to net realisable value and all losses of inventory are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventory, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

2.14 Impairment

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the economic entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

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2.14 Impairment (continued)

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the economic entity use management's best estimate of future prices that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The economic entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an

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Accounting Policies

2.14 Impairment (continued)

impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

2.15 Revenue

Revenue from exchange transactions includes revenue from trading activities and other services provided while revenue from non-exchange transactions includes rates levied, fines, donations and grants from other spheres of government.

Revenue from exchange transactions

Revenue is generally recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits or service potential can be measured reliably, except when specifically stated otherwise. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable, net of value added tax, estimated returns, rebates and discounts.

Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service charges

Service charges relating to distribution of electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made on a monthly basis when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the average monthly consumption. Adjustments to provisional estimates of

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Accounting Policies

Revenue from exchange transactions (continued)

consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period. Estimates of consumption between meter readings are based on historical information.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property receiving services. Tariffs are determined per category of property and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation services are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council. Revenue is recognised on a monthly basis.

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards is recognised based on consumption, except where a reliable estimate cannot be made after every reasonable effort to gather the appropriate information had been made. In these instances revenue is recognised at the point-of-sale. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest and rental income

Interest

Interest income is recognised in surplus or deficit as it accrues, using the effective interest method. Interest earned on unutilised conditional grants is recognised as an unspent conditional grants liability if the grant conditions indicate that interest is payable to the grantor.

Rental

Rental income from operating leases is recognised on a straight line basis over the lease term.

Other

Tariff charges

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

Housing rental and instalments

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised as it accrues in surplus or deficit using the effective interest method.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, the amount of the revenue can be measured reliably and, if applicable, there has been compliance with the relevant legal requirements or restrictions.

Rates and taxes

Revenue from rates, including collection charges and penalty interest, is recognised on a monthly basis when the taxes are levied as this is regarded to be the date when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and there has been compliance with the relevant legal requirements.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

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Revenue from non-exchange transactions (continued)

Fines

Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

Fines consist of spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

An estimate is made for revenue from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

Receipt of community services in exchange for a fine is not recognised as revenue.

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the recognition criteria had been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality the amount of the revenue can be measured reliably and to the extent that there has been compliance with any conditions associated with the grant.

2.16 Provisions

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Onerous contracts

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Restructuring

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
- the activity/operating unit or part of a activity/operating unit concerned;
- the principal locations affected;

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Accounting Policies

2.16 Provisions (continued)

- the location, function, and approximate number of employees who will be compensated for services being readjusted;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised but disclosure is made in the notes to the financial statements.

Contingent assets are only recognised when: Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the changes occurs. If an inflow of economic benefits or service potential has become probable, an entity discloses the contingent asset.

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

2.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

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

Defined contribution plans

The economic entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees, unless another standard requires or permits the inclusion of the contribution in the cost of an asset. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. It defines an amount of benefit that an employee will receive on retirement. The municipality's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine its present value. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Past service costs are recognised to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the

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Accounting Policies

2.17 Employee benefits (continued)

average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the statement of financial performance in the period that they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs. Actuarial gains or losses are recognised in the statement of financial performance in the period that they occur.

Actuarial assumptions are include in the note of defined benefit obligation plan.

2.18 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - municipality as lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Subsequent to initial recognition, the asset is account for in accordance with the accounting policy applicable to that asset.

Assets leased under operating leases, except for property interests held by the municipality as investment property, are not recognised in the statement of financial position.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. The classification of the lease is determined using the standard of GRAP on leases

Operating leases - municipality as lessee

Operating lease payments are recognised in surplus or deficit on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as either a pre-paid expense asset or liability depending on whether the payment exceeds the expense or vice versa.

Operating leases - municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as either a pre-paid expense asset or liability depending on whether the payment exceeds the expense or vice versa.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

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2.18 Leases (continued)

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Accounting Policies

2.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period..

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.20 Donations and grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised as expenses in surplus or deficit in the period that the events giving rise to the transfer occur.

2.21 Tax

Value added tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

2.22 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the municipality at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

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2.22 Translation of foreign currencies (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit, except for differences arising on the retranslation of available-for-sale financial instruments, which are recognised in net assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2.23 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

Unauthorised expenditure is accounted for as an expense and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Detailed disclosures were made in the notes to the financial statements as required by the MFMA.

2.24 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) and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the municipality's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular 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. If the expenditure is not condoned by the relevant authority, it is treated as a receivable until it is recovered or written off as irrecoverable.

Detailed disclosures were made in the notes to the financial statements as required by the MFMA.

2.25 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 a receivable in the statement of financial position until such expenditure is recovered or written off as irrecoverable.

Detailed disclosures were made in the notes to the financial statements as required by the MFMA.

2.26 Comparative figures

When the presentation or classification of items in the annual financial statements are amended, comparative amounts are reclassified.

The comparative figures have been restated.

2.27 Housing development fund

The Housing Development Fund was established in terms of the Housing Act (Act No. 107 of 1997). Sections 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality should maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Act also requires, in terms of Section 14(4)(d)(ii)(aa) – read with, inter alia, Section 16(2) – that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, be paid into a separate operating account, and be utilised by the municipality for housing development in accordance with the National Housing Policy.

2.28 Accumulated surplus

Mark-to-market reserve

This reserve comprises of all fair value adjustments on available-for-sale financial instruments (unlisted shares). When an asset or liability is derecognised, the fair value adjustments relating to that asset or liability is transferred to surplus or deficit.

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Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.28 Accumulated surplus (continued)

Self insurance reserve

The entity has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims, which are not insured externally. The balance of the Self-Insurance Reserve is determined based on the insurance risk carried by the entity, which is calculated by the council's insurance broker and is reinstated or increased by a transfer from the accumulated surplus or deficit. The balance of the self-insurance fund should be invested in short-term cash investments.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

Revaluation reserve

The surplus arising from the revaluation of land is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Any impairment loss of a revalued asset shall be treated as a revaluation decrease. To the extent that the impairment loss exceeds the revaluation surplus for the same asset, the impairment loss is recognised in the accumulated surplus/(deficit).

Compensation for Occupational Injuries and Diseases (COID) Reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is determined by the Compensation Commissioner. The entity is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the entity is mandated to establish its own fund and administers this fund in terms of the COID Act.

Amounts are transferred to the COID reserve from the accumulated surplus/(deficit) based on the amounts as approved in the annual budget and determined by the Compensation Commissioner as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus/(deficit).

2.29 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited to revaluation surplus in equity, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit. If a revaluation is necessary, all assets of that class are revalued.

The periodic unwinding of the discount shall be recognised in surplus or deficit as a finance cost as it occurs.

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.30 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the economic entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a non-cash-generating asset is the present value of the non-cash-generating asset's remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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Accounting Policies

2.30 Impairment of non-cash-generating assets (continued)

After the recognition of an impairment loss, the depreciation and amortisation charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The economic entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

2.31 Finance expense

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets. Borrowing costs are recognised in surplus or deficit using the effective interest method.

2.32 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the municipality has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with over investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the reporting date. Where securities are held for trading purposes, unrealised gains and losses are included in net surplus/(deficit) for the period. For available-for-sale investments, unrealised gains and losses are recognised directly in net assets, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the net surplus/(deficit) for the period.

2.33 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The economic entity operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

2.34 Related parties

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Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

Related parties (continued)

The entity operates in an economic sector currently dominated by entities directly or indirectly owned or controlled by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered in arms length and in the ordinary course of business are not disclosed in accordance with IPSAS 20 Related Party Disclosure.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. We regard all individuals from the level of Accounting Officer and Council members as key management per the definition of the financial reporting standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the entity.

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Annual Financial Statements for the year ended 30 June 2011

3. New standards and interpretations

3.1 Standards and Interpretations early adopted

The economic entity has chosen to early adopt the following standards and interpretations:

GRAP 103: Heritage Assets

Heritage assets are 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 means that they are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset is recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

Heritage assets are recognised at cost unless they are acquired through a non-exchange transaction, in which case they are recognised at their fair value as at the date of acquisition.

The municipality has a choice between the cost and revaluation model as an accounting policy for subsequent measurement and is required to apply the chosen policy to an entire class of heritage assets.

Heritage assets are subsequently carried at their cost or revalued amount less accumulated impairment. These assets are not depreciated.

The effective date of the standard is 1 April 2012.

The entity has adopted the standard for the first time in the 2011 annual financial statements.

The impact of the standard is not material.

GRAP 23: Revenue from Non-exchange Transactions (Taxes and Transfers)

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 economic 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 and recognise an amount equal to that reduction as revenue.

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.

The effective date of the standard is for years beginning on or after 01 April 2012.

3.2 Standards, amendments to standards and interpretations issued and not yet effective

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

GRAP 18 Segment Reporting - issued March 2005

GRAP 20 Related Parties - issued June 2011

GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 25 Employee Benefits - issued December 2009

GRAP 26 Impairment of Cash-generating Assets - issued March 2009

GRAP 103 Heritage Assets - issued July 2008

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Economic entity		Controlling entity	
2011	2010	2011	2010
R	R	R	R

3. New standards and interpretations (continued)

GRAP 104 Financial Instruments - October 2009

GRAP 105 Transfer Between Entities Under Common Control - issued November 2010

GRAP 106 Transfer Between Entities Not Under Common Control - issued November 2010

GRAP 107 Mergers - issued November 2010

IGRAP 1 Applying the Probability Test on Initial Recognition of Exchange Revenue - issued March 2009

IGRAP 2 Changes in Existing Decommissioning Restoration and Similar Liabilities - issued February 2010

IGRAP 3 Determining Whether an Arrangement Contains a Lease - issued February 2010

IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds - issued February 2010

IGRAP 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies - issued February 2010

IGRAP 6 Loyalty Programmes - issued February 2010

IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - issued February 2010

IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions - issued February 2010

IGRAP 9 Distributions of Non-cash Assets to Owners - issued February 2010

IGRAP 10 Assets Received from Customers - issued February 2010

IGRAP 11 Consolidation - Special Purpose Entities - issued February 2010

IGRAP 12 Jointly Controlled Entities - Non-Monetary Contributions by Venturers - issued February 2010

IGRAP 13 Operating Leases - Incentives - issued February 2010

IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease - issued February 2010

IGRAP 15 Revenue - Barter Transactions Involving Advertising Services - issued February 2010

The Minister of Finance announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 will be effective for period starting after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 allows for the Municipality to may select to apply the principles established in a Standard of GRAP that has been issued, but is not yet in effect, in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the entity.

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
4. Inventories				
Consumable stores	3,322,080	4,273,803	3,322,080	4,273,803
Electricity maintenance materials	33,867,874	44,301,665	-	-
Fuel - Petrol and diesel	894,610	1,172,074	894,610	1,172,074
Water in pipes	286,708	286,708	286,708	286,708
Water in reservoirs	880,339	880,339	880,339	880,339
Water maintenance materials	3,993,600	4,825,580	3,993,600	4,825,580
	43,245,211	55,740,169	9,377,337	11,438,504
Cost of inventories expensed	4,374,398	6,710,384	3,023,386	5,355,570
Inventory pledged as security				
No inventory was pledged as security for any financial liability for the reporting period.				
All classes of inventory were stated at net realisable value.				
5. Other financial assets				
Available-for-sale				
2,535 Unlisted shares - OVK Limited	11,868	10,367	11,868	10,367
Loans and receivables				
Centlec Pty Ltd - Advances	-	-	149,779,678	163,617,713
Centlec Pty Ltd - Shareholders loan	-	-	676,453,637	657,303,374
Erven loans	18,545,375	17,602,970	18,545,375	17,602,970
Housing selling scheme loans	45,861,900	42,731,900	45,861,900	42,731,900
Kopanong Local Municipality	2,590,899	2,849,556	-	-
Mohokare Local Municipality	1,337,754	1,462,598	-	-
Naledi Local Municipality	650,765	764,610	-	-
Study loans	49,599	49,599	49,599	49,599
Vehicle loans	950,255	975,093	950,255	975,093
Loans and receivables - impairments	(56,238,182)	(40,600,245)	(56,238,182)	(40,600,245)
	13,748,365	25,836,081	835,402,262	841,680,404
Total other financial assets	13,760,233	25,846,448	835,414,130	841,690,771
Non-current assets				
Available-for-sale	11,868	10,367	11,868	10,367
Loans and receivables	2,498,402	11,559,731	810,803,067	814,063,367
	2,510,270	11,570,098	810,814,935	814,073,734
Current assets				
Loans and receivables	11,249,963	14,276,350	24,599,195	27,617,037
	11,249,963	14,276,350	24,599,195	27,617,037

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

5. Other financial assets (continued)

Details of loans and receivables

Erven loans

Loans were granted to the public for the sale of erven and are repayable on a monthly basis over a maximum period of 5 years, at an interest rate of 1% above the bank rate of the entity. These loans are repayable on a monthly basis and no further loans are granted.

Housing selling scheme loans

Loans were granted to qualifying individuals and public organisations in terms of the housing program. These loans attract interest of between 6% and 14% per annum and are repayable on a monthly basis by way of salary deductions for officials and six monthly payments for public organisations over a period of 20 years.

Kopanong Local Municipality

The capital advances provided bears interest at 10% (2010: 10%) and are repayable in monthly installments based on the estimated useful life, as originally determined by the controlling entity, of the capital assets.

Mohokare Local Municipality

The capital advances provided bears interest at 10% (2010: 10%) and are repayable in monthly installments based on the estimated useful life, as originally determined by the controlling entity, of the capital assets.

Naledi Local Municipality

The capital advances provided bears interest at 10% (2010: 10%) and are repayable in monthly installments based on the estimated useful life, as originally determined by the controlling entity, of the capital assets.

Study loans

Staff members qualified for interest free study loans under the approved study scheme of the entity. These loans are repayable on a monthly basis by way of salary deductions. The loans are being phased out and no new loans are granted, as per section 164 (1)(c) of the MFMA.

Vehicle loans

Permanent staff obtained loans at 8.5% (2010: 10%) interest per annum repayable over a period of 3 to 6 years. These loans are repayable on a monthly basis by way of salary deductions. The loans are being phased out and no new loans are granted, as per section 164 (1)(c) of the MFMA. Other staff loans bear interest of prime plus 1% and are repayable over a period of 3 to 6 years.

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value information

Available-for-sale financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for these financial assets.

The following classes of available-for-sale financial assets are measured to fair value using quoted market prices:

- Class 1 - Unlisted shares

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

5. Other financial assets (continued)

Fair value hierarchy of available-for-sale financial assets

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The table below analyses financial assets carried at fair value by valuation method. The different levels have been defined as follows:

Level 1 - quoted prices unadjusted in active markets for identical assets.

Level 2 - inputs other than quoted prices included in level 1 that are observable for the assets either directly as prices or indirectly derived from prices.

Level 3 - inputs which are not based on observable market data.

Level 1

Class 1 - Unlisted shares	11,868	10,367	11,868	10,367
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For debt securities classified as available-for-sale, the maximum exposure to credit risk at the reporting date is the fair value.

Reconciliation of provision for impairment of loans and receivables

Erven loans

Opening balance	8,334,174	6,280,082	8,334,174	6,280,082
Current year impairment contribution	1,041,987	2,054,092	1,041,987	2,054,092
	9,376,161	8,334,174	9,376,161	8,334,174

Housing selling scheme loans

Opening balance	31,326,876	37,475,309	31,326,876	37,475,309
Current year impairment contribution	14,535,024	(6,148,433)	14,535,024	(6,148,433)
	45,861,900	31,326,876	45,861,900	31,326,876

Study loans

Opening balance	49,599	59,599	49,599	59,599
Current year impairment contribution	-	(10,000)	-	(10,000)
	49,599	49,599	49,599	49,599

Vehicle loans

Opening balance	889,59	648,62	889,596	648,629
Current year impairment contribution	60,65	240,96	60,659	240,967
	950,25	889,58	950,255	889,596

The creation and release of provision for impairment receivables have been included in expenses in surplus or deficit (note 47). Unwinding of discount is included in note 43 in surplus or deficit. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The economic entity does not hold any collateral as security.

None of the loans and receivables were pledged as security for any financial liability and no securities are held for any of the loans and

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
5. Other financial assets (continued)				
receivables.				
6. Trade and other receivables from exchange transactions				
Deferred lease income	47,054,521	44,433,162	47,054,521	44,433,162
Interest accrual	597,953	303,687	597,953	303,687
Kopanong Local Municipality	4,214,108	124,184	-	-
Mohokare Local Municipality	4,837,005	1,137,491	-	-
Naledi Local Municipality	2,837,784	481,795	-	-
Other receivables	12,225,875	1,334,157	-	-
Staff leave day receivable	1,499,585	781,575	1,499,585	781,575
Sundry receivables	69,626,160	65,405,724	69,626,160	65,405,724
Sundry receivables - Impairment	(33,902,241)	(31,636,314)	(33,902,241)	(31,636,314)
	108,990,750	82,365,461	84,875,978	79,287,834

Trade and other receivables pledged as security

None of the receivables were pledged as security for any financial liability.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings, if available, or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

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 2011, there were no debtors past due but not impaired.

Trade and other receivables impaired

The amount of the provision was R (33,902,241) as of 30 June 2011 (2010: R 31,636,314).

Reconciliation of impairment of trade and other receivables

Opening balance	31,636,314	28,345,488	31,636,314	28,345,488
Impairment - current year	2,265,927	3,290,826	2,265,927	3,290,826
	33,902,241	31,636,314	33,902,241	31,636,314

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The economic entity does not hold any collateral as security.

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
7. Other receivables from non-exchange transactions				
Government grants and subsidies	-	274,867	-	274,867
Insurance claims	79,567	120,935	79,567	120,935
	79,567	395,802	79,567	395,802
Other receivables from non-exchange transactions pledged as security				
None of the receivables were pledged as security for any financial liability.				
The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The economic entity does not hold any collateral as security.				
8. VAT receivable				
VAT receivable	21,408,869	19,162,271	-	-
VAT is payable on the receipts basis. VAT is paid over to the South African Revenue Services (SARS) only once payment is received from debtors.				
9. Consumer receivables				
Gross balances				
Rates	299,111,645	320,614,002	299,111,645	320,614,002
Electricity	265,192,260	223,565,193	-	2,070,612
Water	481,589,595	411,709,499	481,589,595	411,709,499
Sewerage	150,681,655	182,268,000	150,681,655	182,268,000
Housing rental	19,456,932	17,379,847	19,456,932	17,379,847
Unallocated deposits	(784,463)	(11,546,808)	(784,463)	(11,546,808)
	1,215,247,624	1,143,989,733	950,055,364	922,495,152
Less: Provision for debt impairment				
Rates	(237,398,622)	(264,410,857)	(237,398,622)	(264,410,857)
Electricity	(122,667,100)	(48,002,191)	-	-
Water	(374,209,119)	(339,537,452)	(374,209,119)	(339,537,452)
Sewerage	(120,176,466)	(150,316,698)	(120,176,466)	(150,316,698)
Housing rental	(18,226,974)	(15,350,848)	(18,226,974)	(15,350,848)
	(872,678,281)	(817,618,046)	(750,011,181)	(769,615,855)
Net balance				
Rates	61,713,023	56,203,145	61,713,023	56,203,145
Electricity	142,525,160	175,563,002	-	2,070,612
Water	107,380,476	72,172,047	107,380,476	72,172,047
Sewerage	30,505,189	31,951,302	30,505,189	31,951,302
Housing rental	1,229,958	2,028,999	1,229,958	2,028,999
Unallocated deposits	(784,463)	(11,546,808)	(784,463)	(11,546,808)
	342,569,343	326,371,687	200,044,183	152,879,297
Rates				

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
9. Consumer receivables (continued)				
Current (0 -30 days)	38,506,053	25,189,041	38,506,053	25,189,041
31 - 60 days	9,234,848	11,516,104	9,234,848	11,516,104
61 - 90 days	10,046,558	9,885,187	10,046,558	9,885,187
90+ days	241,324,186	274,023,670	241,324,186	274,023,670
Less provision for impairment	(237,398,622)	(264,410,857)	(237,398,622)	(264,410,857)
	61,713,023	56,203,145	61,713,023	56,203,145
Electricity				
Current (0 -30 days)	107,667,373	10,234,000	-	-
31 - 60 days	27,071,499	18,835,000	-	-
61 - 90 days	14,363,101	9,233,000	-	-
90+ days	117,751,681	176,169,612	-	2,070,612
Unallocated deposits	-	9,476,000	-	-
Less provision for impairment	(122,667,100)	(48,002,191)	-	-
Less discounting adjustment to debtors	(1,661,394)	(382,419)	-	-
	142,525,160	175,563,002	-	2,070,612
Water				
Current (0 -30 days)	69,810,359	47,378,897	69,810,359	47,378,897
31 - 60 days	22,360,671	26,295,398	22,360,671	26,295,398
61 - 90 days	17,155,373	17,721,772	17,155,373	17,721,772
90+ days	362,542,890	307,254,537	362,542,890	307,254,537
Less provision for impairment	(374,209,119)	(339,537,452)	(374,209,119)	(339,537,452)
Meter reading estimate at year end	9,720,302	13,058,895	9,720,302	13,058,895
	107,380,476	72,172,047	107,380,476	72,172,047
Sewerage				
Current (0 -30 days)	15,644,341	-	15,644,341	-
31 - 60 days	4,295,220	-	4,295,220	-
61 - 90 days	4,420,961	-	4,420,961	-
90+ days	126,321,133	182,268,000	126,321,133	182,268,000
Less provision for impairment	(120,176,466)	(150,316,698)	(120,176,466)	(150,316,698)
	30,505,189	31,951,302	30,505,189	31,951,302
Housing rental				
Current (0 -30 days)	336,159	414,132	336,159	414,132
31 - 60 days	260,577	236,032	260,577	236,032
61 - 90 days	265,483	221,072	265,483	221,072
90+ days	18,594,713	16,508,611	18,594,713	16,508,611
Less provision for impairment	(18,226,974)	(15,350,848)	(18,226,974)	(15,350,848)
	1,229,958	2,028,999	1,229,958	2,028,999
Unallocated deposits				
90+ days	(784,463)	(11,546,808)	(784,463)	(11,546,808)

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
9. Consumer receivables (continued)				
Summary of debtors by customer classification				
Consumers/Households				
Current (0 -30 days)	52,894,359	46,670,418	52,894,359	46,670,418
31 - 60 days	32,226,321	23,501,775	32,226,321	23,501,775
61 - 90 days	26,850,351	18,550,975	26,850,351	18,550,975
90+ days	665,124,158	618,776,250	665,124,158	618,776,250
	<u>777,095,189</u>	<u>707,499,418</u>	<u>777,095,189</u>	<u>707,499,418</u>
Less: Provision for debt impairment	(613,561,857)	(653,253,099)	(613,561,857)	(653,253,099)
	<u>163,533,332</u>	<u>54,246,319</u>	<u>163,533,332</u>	<u>54,246,319</u>
Industrial/ commercial				
Current (0 -30 days)	29,091,336	22,014,496	29,091,336	22,014,496
31 - 60 days	9,920,113	11,381,651	9,920,113	11,381,651
61 - 90 days	7,826,108	7,059,434	7,826,108	7,059,434
90+ days	104,897,742	83,153,436	104,897,742	83,153,436
	<u>151,735,299</u>	<u>123,609,017</u>	<u>151,735,299</u>	<u>123,609,017</u>
Less: Provision for debt impairment	(96,765,773)	(55,176,569)	(96,765,773)	(55,176,569)
	<u>54,969,526</u>	<u>68,432,448</u>	<u>54,969,526</u>	<u>68,432,448</u>
National and provincial government				
Current (0 -30 days)	3,132,071	3,859,581	3,132,071	3,859,581
31 - 60 days	2,050,563	2,925,624	2,050,563	2,925,624
61 - 90 days	1,805,536	1,995,407	1,805,536	1,995,407
90+ days	43,399,430	62,798,543	43,399,430	62,798,543
	<u>50,387,600</u>	<u>71,579,155</u>	<u>50,387,600</u>	<u>71,579,155</u>
Less: Provision for debt impairment	(39,683,550)	(45,835,339)	(39,683,550)	(45,835,339)
	<u>10,704,050</u>	<u>25,743,816</u>	<u>10,704,050</u>	<u>25,743,816</u>
Total				
Current (0 -30 days)	83,404,311	72,544,495	83,404,311	72,544,495
31 - 60 days	44,196,998	37,809,050	44,196,998	37,809,050
61 - 90 days	36,481,995	27,605,816	36,481,995	27,605,816
90+ days	816,139,499	780,079,077	816,139,499	780,079,077
Water meter reading estimate	9,720,302	13,058,895	9,720,302	13,058,895
	<u>989,943,105</u>	<u>931,097,333</u>	<u>989,943,105</u>	<u>931,097,333</u>
Less: Provision for debt impairment	(750,011,181)	(817,618,046)	(750,011,181)	(769,615,855)
Add: Unallocated deposits	(784,463)	(11,546,808)	(784,463)	(11,546,808)
Add: Electricity	142,474,270	224,439,208	(50,890)	2,944,627
Transferred to trade and other receivables from exchange transactions	(1,000,121)	-	(1,000,121)	-
Transferred to other financial assets	(38,052,267)	-	(38,052,267)	-
	<u>342,569,343</u>	<u>326,371,687</u>	<u>200,044,183</u>	<u>152,879,297</u>

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
9. Consumer receivables (continued)				
Less: Provision for debt impairment				
90+ days	(872,678,281)	(817,618,046)	(750,011,181)	(769,615,855)
Reconciliation of debt impairment provision				
Balance at beginning of the year	(817,618,046)	(686,370,934)	(769,615,855)	(686,370,934)
Contributions to provision	(198,866,175)	(131,247,112)	(116,383,415)	(83,244,921)
Debt impairment written off against provision	143,805,940	-	135,988,089	-
	(872,678,281)	(817,618,046)	(750,011,181)	(769,615,855)

Consumer debtors pledged as security

None of the debtors were pledged as security for any financial liability.

None of the financial assets that are fully performing have been renegotiated in the last year.

Consumer debtors are only due after 30 days. Interest shall be paid on accounts which have not been paid within 30 days from the date on which the account became due, at a rate of 1% higher than the prime rate for the period.

Consumer debtors impaired

As of 30 June 2011, consumer debtors of R 872,678,281 (2010: R 817,618,045) were impaired and provided for.

The amount of the provision was R 872,678,281 as of 30 June 2011 (2010: R 817,618,045).

Reconciliation of impairment of consumer debtors

Opening balance	(817,618,046)	(686,370,934)	(769,615,855)	(686,370,934)
Current year contribution	(198,866,175)	(131,247,112)	(116,383,415)	(83,244,921)
Amounts written off as uncollectible	143,805,940	-	135,988,089	-
	(872,678,281)	(817,618,046)	(750,011,181)	(769,615,855)

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The economic entity does not hold any collateral as security.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity			Controlling entity	
	2011	2010	2011	2010	
	R	R	R	R	

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	47,515,992	20,403,851	32,725,988	20,187,493
Cash on hand	54,869	165,439	54,869	165,439
Short-term deposits	198,894,676	26,642,889	198,894,676	26,642,889
	<u>246,465,537</u>	<u>47,212,179</u>	<u>231,675,533</u>	<u>46,995,821</u>

There are no restrictions on the entity's ability to realise cash balances.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings, if available or historical information about counterparty default rates:

Credit rating				
AAA	246,410,668	47,046,740	231,620,664	46,830,382

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for the COID reserve.	31	10,994,203	10,318,261	10,994,203	10,318,261
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The term deposit investment is pledged as security to the Compensation Commissioner of the Workmen's Compensation Fund to guarantee the payment of claims in respect of injuries while on duty.

The economic entity had the following bank accounts

Account description and number	Bank statement balances			Cash book balances		
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
ABSA - Primary account - 470 000 465	25,572,621	9,713,167	79,463,381	28,426,476	10,453,390	80,361,320
ABSA - Fresh produce market - 470 001 348	2,697,541	3,382,869	3,093,304	2,697,541	3,382,869	3,093,304
ABSA - 2010 World cup - 406 787 886	-	5,311,349	57,566,021	-	5,311,349	57,566,021
ABSA - Direct deposits banktel - 470 001 380	-	-	-	1,601,971	1,039,885	-
ABSA - Cheque account - 405 883 3582	14,790,004	216,358	46,573,260	14,790,004	216,358	46,573,260
Total	<u>43,060,166</u>	<u>18,623,743</u>	<u>186,695,966</u>	<u>47,515,992</u>	<u>20,403,851</u>	<u>187,593,905</u>

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

11. Heritage assets

Economic entity	2011		2010	
	Valuation	Carrying value	Valuation	Carrying value
Heritage assets	5,601,720	-	5,601,720	3,416,928

Controlling entity	2011		2010	
	Valuation	Carrying value	Valuation	Carrying value
Heritage assets	5,601,720	-	5,601,720	3,416,928

Reconciliation of heritage assets - Economic entity - 2011

	Opening balance	Fair value adjustment	Total
Heritage assets	3,416,928	2,184,792	5,601,720

Reconciliation of heritage assets - Economic entity - 2010

	Opening balance	Total
Heritage assets	3,416,928	3,416,928

Reconciliation of heritage assets - Controlling entity - 2011

	Opening balance	Fair value adjustment	Total
Heritage assets	3,416,928	2,184,792	5,601,720

Reconciliation of heritage assets - Controlling entity - 2010

	Opening balance	Total
Heritage assets	3,416,928	3,416,928

Pledged as security

None of the assets were pledged as security for any financial liability.

Methods and assumptions used in determining fair value

The numbers of the Kwaggafontein Reserve animals were determined via an aerial game count, while the numbers of the Naval Hill Reserve animals were determined via on foot head count. For the Kwaggafontein Game Reserve and the Naval Hill Reserve the valuation figures are based on the 2011 game auction's averages. These figures does not allow for the possibility of trophy's that might be present even though the aerial game count, done by professionals in this industry, does not show a high possibility of trophies being present.

A number of Zoo animals were verified through physical inspection of the animals and the valuation of the Zoo animals considered the following:
- Inbreeding , the genes, whether animals are sterilized, age of the animal, common availability of the animal type, novelty values where no

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		Economic entity		Controlling entity	
		2011	2010	2011	2010
		R	R	R	R

11. Heritage assets (continued)

market price exist e.g. Some of the snakes and animals hand-raised versus tame. During the valuation of the snakes their temperament was also taken into account.

- The birds of prey at the Zoo are kept for rehabilitation and therefore no value was placed on this, as it has a novelty attraction only.

The valuation of the orchids were done by physically inspecting the plants and verifying the amounts as stated on the stock sheets of the entity's Greenhouse and in the Orchid House.

There are no contractual commitments for the acquisition, maintenance and restoration of heritage assets at year end.

There are no heritage assets used for more than one purpose.

Revaluations were done on 30 June 2011 based on the market price for such assets by an independent valuator. The condition of the asset, the age and where applicable the breeding of the asset were all considered in determining the fair values.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

12. Investment property

Economic entity	2011		2010	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	42,448,829	-	42,448,829	42,448,829

Controlling entity	2011		2010	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	42,448,829	-	42,448,829	42,448,829

Reconciliation of investment property - Economic entity - 2011

Investment property	Opening balance	Total
	42,448,829	42,448,829

Reconciliation of investment property - Economic entity - 2010

Investment property	Opening balance	Total
	42,448,829	42,448,829

Reconciliation of investment property - Controlling entity - 2011

Investment property	Opening balance	Total
	42,448,829	42,448,829

Reconciliation of investment property - Controlling entity - 2010

Investment property	Opening balance	Total
	42,448,829	42,448,829

Pledged as security

None of the properties were pledged as security for any financial liability.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

13. Property, plant and equipment

Economic entity	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	1,053,843,288	(8,857,551)	1,044,985,737	1,053,843,288	(4,381,305)	1,049,461,983
Plant and machinery	1,262,718,041	(139,730,900)	1,122,987,141	1,225,642,549	1,889,218	1,227,531,767
Infrastructure	2,902,266,667	(1,073,434,484)	1,828,832,183	2,679,039,776	(949,063,980)	1,729,975,796
Community	26,593,397	(11,959,037)	14,634,360	26,593,397	(11,054,149)	15,539,248
Other property, plant and equipment	350,564,363	(114,502,293)	236,062,070	345,673,504	(104,159,305)	241,514,199
Capitalised leased assets	9,837,492	(8,980,680)	856,812	8,008,462	(6,103,062)	1,905,400
Total	5,605,823,248	(1,357,464,945)	4,248,358,303	5,338,800,976	(1,072,872,583)	4,265,928,393

Controlling entity	2011			2010		
	Cost / Valuation	Accumulated depreciation and impairment losses	Carrying value	Cost / Valuation	Accumulated depreciation and impairment losses	Carrying value
Land	984,142,788	(6,571,957)	977,570,831	984,142,788	(4,381,305)	979,761,483
Infrastructure	2,902,266,667	(1,073,434,484)	1,828,832,183	2,679,039,776	(949,063,980)	1,729,975,796
Community	26,593,397	(11,959,037)	14,634,360	26,593,397	(11,054,149)	15,539,248
Other property, plant and equipment	350,564,363	(114,502,293)	236,062,070	345,673,504	(104,159,305)	241,514,199
Capitalised leased assets	8,840,465	(8,233,396)	607,069	7,212,872	(5,556,031)	1,656,841
Total	4,272,407,680	(1,214,701,167)	3,057,706,513	4,042,662,337	(1,074,214,770)	2,968,447,567

Reconciliation of property, plant and equipment - Economic entity - 2011

	Opening balance	Additions	Work in progress	Disposals	Depreciation	Total
Land and building	1,049,461,983	-	-	-	(4,476,246)	1,044,985,737
Plant and machinery	1,227,531,768	39,865,935	-	(2,656,250)	(141,754,312)	1,122,987,141
Infrastructure	1,729,975,796	134,650,652	88,576,240	-	(124,370,505)	1,828,832,183
Community	15,539,248	-	-	-	(904,888)	14,634,360
Other property, plant and equipment	241,514,199	3,587,055	1,303,804	-	(10,342,988)	236,062,070
Capitalised leased assets	1,905,400	1,829,032	-	-	(2,877,620)	856,812
	4,265,928,394	179,932,674	89,880,044	(2,656,250)	(284,726,559)	4,248,358,303

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2011

	Opening balance	Additions	Work in progress	Depreciation	Total
Land and building	979,761,483	-	-	(2,190,652)	977,570,831
Infrastructure	1,729,975,796	134,650,652	88,576,240	(124,370,505)	1,828,832,183
Community	15,539,248	-	-	(904,888)	14,634,360
Other property, plant and equipment	241,514,199	3,587,055	1,303,804	(10,342,988)	236,062,070
Capitalised leased assets	1,656,841	1,627,594	-	(2,677,366)	607,069
	2,968,447,567	139,865,301	89,880,044	(140,486,399)	3,057,706,513

Pledged as security

None of the property, plant and equipment are pledged as security, except for finance leased assets.

Assets subject to finance lease (Net carrying amount)

Capitalised leased assets	856,812	1,905,400	607,069	1,656,841
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Revaluations

The revaluation performed relates to the controlled entity - Centlec Pty Ltd. The effective date of the revaluations were 30 June 2010. Revaluations were performed by an independent valuer, Ruan Botha of Corrective Power. Corrective Power is not connected to the entity.

The valuations were performed using the depreciated replacement costs method and assumptions were based on current market conditions.

Revaluations are performed independently every five years.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

A GRAP compliant asset register is still in progress. Refer to appendix B for more detail on property, plant and equipment.

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

14. Intangible assets

Economic entity	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software - other	14,984,205	(1,960,675)	13,023,530	10,852,544	(1,598,924)	9,253,620

Controlling entity	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software - other	14,278,654	(1,960,675)	12,317,979	10,852,544	(1,598,924)	9,253,620

Reconciliation of intangible assets - Economic entity - 2011

Computer software, other	Opening balance	Additions	Amortisation	Total
	9,253,620	4,131,661	(361,751)	13,023,530

Reconciliation of intangible assets - Economic entity - 2010

Computer software, other	Opening balance	Amortisation	Total
	10,852,544	(1,598,924)	9,253,620

Reconciliation of intangible assets - Controlling entity - 2011

Computer software, other	Opening balance	Additions	Amortisation	Total
	9,253,620	3,426,110	(361,751)	12,317,979

Reconciliation of intangible assets - Controlling entity - 2010

Computer software, other	Opening balance	Amortisation	Total
	10,852,544	(1,598,924)	9,253,620

Pledged as security

No intangible asset was pledged as security for any financial liability.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

15. Investments in controlled entities

Name of company	Held by	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010
Centlec Pty Ltd	Mangaung Metropolitan Municipality	100 %	100 %	100	100

The carrying amounts of controlled entities are shown net of impairment losses.

A company, Centlec Pty Ltd, of which Mangaung Metropolitan Municipality is the sole shareholder, was formed to take over all activities in respect of the supply of electricity for their own account.

The financial information of these two entities are consolidated in this set of financial statements as the economic entity.

16. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below, except for the other receivables from non-exchange transactions which are not a contractual instrument:

Economic entity - 2011

	Loans and receivables	Non-financial instruments	Held to maturity investments	Available-for-sale	Total
Cash and cash equivalents	47,570,861	-	198,894,676	-	246,465,537
Consumer receivables	342,569,343	-	-	-	342,569,343
Other financial assets - Current portion	11,249,963	-	-	-	11,249,963
Other financial assets - Non-current portion	2,498,402	-	-	11,868	2,510,270
Other receivables from non-exchange transactions	-	79,567	-	-	79,567
Trade and other receivables from exchange transactions	108,990,750	-	-	-	108,990,750
VAT receivable	21,408,869	-	-	-	21,408,869
	534,288,188	79,567	198,894,676	11,868	733,274,299

Economic entity - 2010

	Loans and receivables	Non-financial instruments	Held to maturity investments	Available-for-sale	Total
Cash and cash equivalents	20,569,290	-	26,642,889	-	47,212,179
Consumer receivables	326,371,687	-	-	-	326,371,687
Other financial assets - Current portion	14,276,350	-	-	-	14,276,350
Other financial assets - Non-current portion	11,559,731	-	-	10,367	11,570,098
Other receivables from non-exchange transactions	-	395,802	-	-	395,802
Trade and other receivables from exchange transactions	82,365,461	-	-	-	82,365,461
VAT receivable	19,162,271	-	-	-	19,162,271
	474,304,790	395,802	26,642,889	10,367	501,353,848

Controlling entity - 2011

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

16. Financial assets by category (continued)

	Loans and receivables	Non-financial instruments	Held to maturity investments	Available-for-sale	Total
Cash and cash equivalents	32,780,857	-	198,894,676	-	231,675,533
Consumer receivables	200,044,183	-	-	-	200,044,183
Other financial assets - Current portion	32,750,965	-	-	-	32,750,965
Other financial assets - Non-current portion	802,651,297	-	-	11,868	802,663,165
Other receivables from non-exchange transactions	-	79,567	-	-	79,567
Trade and other receivables from exchange transactions	84,875,979	-	-	-	84,875,979
	1,153,103,281	79,567	198,894,676	11,868	1,352,089,392

Controlling entity - 2010

	Loans and receivables	Non-financial instruments	Held to maturity investments	Available-for-sale	Total
Cash and cash equivalents	20,352,932	-	26,642,889	-	46,995,821
Consumer receivables	139,820,402	-	-	-	139,820,402
Other financial assets - Current portion	27,617,037	-	-	-	27,617,037
Other financial assets - Non-current portion	814,063,367	-	-	10,367	814,073,734
Other receivables from non-exchange transactions	-	395,802	-	-	395,802
Trade and other receivables from exchange transactions	79,287,826	-	-	-	79,287,826
	1,081,141,564	395,802	26,642,889	10,367	1,108,190,622

17. Other financial liabilities

Measured at amortised cost

DBSA Bloemfontein - Sewer 8001/104	5,432,535	5,511,813	5,432,535	5,511,813
DBSA Bloemfontein - Water 8001/104	4,961,888	6,636,539	4,961,888	6,636,539
DBSA Thaba Nchu - 1864/202	122,959	345,290	122,959	345,290
DBSA - FS1034	11,829,774	-	11,829,774	-
	22,347,156	12,493,642	22,347,156	12,493,642

These loans are from The Development Bank of South Africa and repayments are made either monthly or on a six monthly basis. The last loan will be redeemed at 30 March 2026 and the loans bear interest between 6% and 14%.

The entity did not default on any of the non-current borrowings, whether it be on the capital or the interest portions and none of the terms attached to the non-current borrowings were renegotiated.

Non-current liabilities

At amortised cost	20,162,975	10,517,382	20,162,975	10,517,382
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Current liabilities

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
17. Other financial liabilities (continued)				
At amortised cost	2,184,181	1,976,260	2,184,181	1,976,260
	22,347,156	12,493,642	22,347,156	12,493,642
18. Finance lease obligation				
Minimum lease payments due				
- within one year	1,471,624	2,103,084	1,299,137	1,896,184
- in second to fifth year inclusive	2,121,804	833,752	1,852,815	747,062
	3,593,428	2,936,836	3,151,952	2,643,246
Less: future finance charges	(396,866)	(296,710)	(298,001)	(269,294)
Present value of minimum lease payments	3,196,562	2,640,126	2,853,951	2,373,952
Present value of minimum lease payments due				
- within one year	1,287,310	1,916,360	1,176,310	1,729,914
- in second to fifth year inclusive	1,909,252	723,766	1,677,641	644,038
	3,196,562	2,640,126	2,853,951	2,373,952
Non-current liabilities	1,909,252	723,766	1,677,641	644,038
Current liabilities	1,287,310	1,916,360	1,176,310	1,729,914
	3,196,562	2,640,126	2,853,951	2,373,952

It is economic entity's policy to lease certain equipment under finance leases.

The maximum lease term is 5 years and the average borrowing rate is between 9% and 15%. Certain leases have fixed repayment terms and other escalate on average by 10% per annum.

The economic entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 13.

None of the terms attached to the existing finance lease obligations were renegotiated and the entity did not default on any of the finance lease obligations, whether it be on the capital or the interest portion.

No arrangements have been entered into for contingent rent.

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
19. Trade and other payables from exchange transactions				
Accrued bonus	16,466,693	14,416,173	16,466,695	14,416,172
Accrued expense - leases	161,247	93,827	-	-
Accrued leave pay	45,412,416	47,251,932	45,356,533	47,219,380
Accrued operating expenses	5,577,071	-	-	-
Centlec Pty Ltd - Intercompany loan	-	-	424,508,462	313,446,630
Deferred interest	6,974,177	6,583,496	6,974,177	6,583,496
Deferred lease expenditure	257,141	124,783	257,141	124,783
Mantsopa Local Municipality	903,405	1,039,417	-	-
Other payables	2,365,024	3,785,903	1,343,859	2,369,374
Payments received in advance	34,137,321	83,763,576	34,137,321	83,763,576
Retention's	27,503,726	25,132,321	27,503,726	25,132,321
Salary control	165,316	-	165,316	-
Trade payables	440,577,564	367,996,299	163,577,499	185,523,597
	580,501,101	550,187,727	720,290,729	678,579,329

The entity defaulted on the payment of suppliers within 30 days. The average term of payment of suppliers for the current year was 50 days (2010: 40 days).

The terms were not renegotiated before the financial statements were authorised for issue and no creditors are secured.

20. Payables from non-exchange transactions

Deposits	451,156	441,127	451,156	441,127
Other payables	1,878,075	3,219,497	1,878,075	3,219,497
	2,329,231	3,660,624	2,329,231	3,660,624

21. VAT payable

VAT payable	75,859,268	87,095,362	75,859,268	87,095,362
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VAT is payable on the receipts basis. VAT is paid over to the South African Revenue Services (SARS) only once payment is received from debtors.

22. Consumer deposits

Accrued interest payable	2,702,170	942,630	2,702,170	942,630
Electricity	46,331,130	38,368,918	-	-
Water	24,761,896	24,164,502	24,761,896	24,164,502
	73,795,196	63,476,050	27,464,066	25,107,132
Guarantees held in lieu of water deposits	6,013,517	5,659,252	6,013,517	5,659,252

Included in deposits is an accrual of interest at an effective interest rate of 4% per annum (2010: 4%), which is paid to consumers when the deposits are refunded.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
23. Conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
2010 World cup - Host city operation grant	-	19,000,000	-	19,000,000
2010 World cup - Stadia provincial grant	7,842,755	16,622,725	7,842,755	16,622,725
COGTA - Fire suppression grant	82,817	82,817	82,817	82,817
DBSA - Capacity building programme grant	234,104	234,104	234,104	234,104
DME grant - Centlec Pty Ltd	362,548	-	-	-
DWAF - Water services operating and transfer subsidy grant	-	2,025,822	-	2,025,822
Demand side management grant - Centlec Pty Ltd	964,834	1,040,792	-	-
Financial management grant	12,623	61,718	12,623	61,718
Local government and housing grant - Graslands area	3,965,043	3,965,043	3,965,043	3,965,043
Local government and housing grant - White city hostels	42,308	1,215,190	42,308	1,215,190
Motheo - Contribution environmental health grant	10,680,301	13,786,458	10,680,301	13,786,458
Motheo - Tourism grant	10,750	-	10,750	-
Motheo - Upgrading of roads grant	1,259,252	-	1,259,252	-
Municipal accreditation project funding - Housing grant	3,422,275	3,422,331	3,422,275	3,422,331
Municipal infrastructure grant	62,931,480	38,703,738	62,931,480	38,703,738
Municipal systems improvement grant	-	685,145	-	685,145
Provincial grant - Batho roads project	26,423,367	-	26,423,367	-
Provincial grant - CCTV	130,851	130,851	130,851	130,851
Provincial grant - Du Plessis/Muller intersection	554,640	578,732	554,640	578,732
Provincial grant - Grassland area	4,500,000	4,500,000	4,500,000	4,500,000
Provincial grant - Hlasela project - Batho car wash	150,000	150,000	150,000	150,000
Provincial grant - Hlasela project - Iphahamilseng centre	3,703	3,703	3,703	3,703
Provincial grant - Hlasela project - Lehlohonolo music group	-	7,200	-	7,200
Provincial grant - Hlasela project - Re Ba I Kemetseng Bomme	100,000	100,000	100,000	100,000
Provincial grant - Land use scheme	-	748,686	-	748,686
Provincial grant - Planning and surveying	493,144	574,210	493,144	574,210
Provincial grant - Township establishment - Caleb Motshabi	147,239	1,343,791	147,239	1,343,791
Provincial grant - Upgrade housing in Batho	1,749,275	2,083,399	1,749,275	2,083,399
Public transport infrastructure and systems fund grant	100,115,219	121,120,549	100,115,219	121,120,549
Restructuring grant	-	123,685	-	123,685
Urban renewal grant	280,553	568,879	280,553	568,879
Urban settlement development grant	6,505,054	916,014	6,505,054	916,014
	232,964,135	233,795,582	231,636,753	232,754,790

See note 34 for the reconciliation of other grants from National and Provincial Government.

The amounts will be recognised as revenue when the qualifying expenditure is incurred.

No grants were withheld due to unfilled conditions.

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

24. Retirement benefits

Defined benefit plan obligation

The defined benefit plans disclosed below are represented by medical aid for retired employees and pension payments for both retired and current employees and long-service leave benefits.

The entity pays 60% of the medical aid contributions of retired employees who were in the service of the Council on or before 1 October 1981, as well as a pension to retired employees based on certain criteria to be met, set out in the Entity's Conditions of Service.

Management did an estimate of the entity's liability for long-service leave benefits relating to vested leave benefits to which employees may become entitled upon completion of five years's service and every five years thereafter. These leave benefits are in accordance paragraph 11 of the South African Local Government Bargaining Council collective agreement on conditions of service for the free state division of SALGBC which was signed in July 2010, thus effective from the current year.

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(400,586,837)	(348,224,000)	(400,586,837)	(348,224,000)
Present value of the defined benefit obligation-partially or wholly funded	(6,714,000)	(2,693,000)	(6,714,000)	(2,693,000)
	(407,300,837)	(350,917,000)	(407,300,837)	(350,917,000)

These liabilities are not a funded arrangement, i.e. no separate assets have been set aside currently to meet these liabilities.

Movements for the year

Opening balance	350,917,000	297,121,000	350,917,000	297,121,000
Benefits paid	(6,473,000)	(5,894,000)	(6,473,000)	(5,894,000)
Net expense recognised in the statement of financial performance	62,856,837	59,690,000	62,856,837	59,690,000
	407,300,837	350,917,000	407,300,837	350,917,000

Net expense recognised in the statement of financial performance

Current service cost	37,907,837	18,556,000	37,907,837	18,556,000
Interest cost	34,040,000	29,709,000	34,040,000	29,709,000
Net actuarial (gains) losses	(9,091,000)	11,425,000	(9,091,000)	11,425,000
	62,856,837	59,690,000	62,856,837	59,690,000

Key assumptions used

Assumptions used on last valuation on 30 June 2011.

Discount rates used - healthcare	9.05 %	9.50 %	9.05 %	9.50 %
Discount rates used - gratuity	8.55 %	9.50 %	8.55 %	9.50 %
Expected increase in healthcare costs	7.70 %	7.75 %	7.70 %	7.75 %
Expected increase in pension	5.70 %	5.75 %	5.70 %	5.75 %
Expected increase in salaries	7.70 %	13.00 %	7.70 %	13.00 %
Inflation rate	5.70 %	5.80 %	5.70 %	5.80 %
Membership discontinued at retirement or death-in-service	10.00 %	10.00 %	10.00 %	10.00 %
Expected retirement age in years	55 years	55 years	55 years	55 years

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

24. Retirement benefits (continued)

Inflation sensitivities

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Effect on defined benefit obligation	(461,835,000)	(334,479,000)	(461,835,000)	(334,479,000)
Effect on the aggregate of the service cost	(18,120,000)	(11,435,000)	(18,120,000)	(11,435,000)
Effect on the aggregate of the interest cost	(42,254,000)	(30,440,000)	(42,254,000)	(30,440,000)

Amounts for the current and previous four years are as follows:

	2011	2010	2009	2008	2007
	R	R	R	R	R
Defined benefit obligation	(390,671,000)	(350,917,000)	(297,121,000)	-	-
Experience adjustments on plan liabilities	28,072,000	(7,856,000)	-	-	-

The entity obtained an actuarial valuation for the first time on the defined benefit obligations plans on 30 June 2009.

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

25. Provisions

Reconciliation of provisions - Economic entity - 2011

	Opening Balance	Expenditure incurred	Discounting	Total
Rehabilitation of landfill sites	69,629,772	2,372,586	-	72,002,358
Rehabilitation of quarry sites	4,655,906	141,884	392,183	5,189,973
	74,285,678	2,514,470	392,183	77,192,331

Reconciliation of provisions - Economic entity - 2010

	Opening Balance	Expenditure incurred	Discounting	Total
Rehabilitation of landfill sites	65,688,464	3,941,308	-	69,629,772
Rehabilitation of quarry sites	4,171,411	348,330	136,165	4,655,906
	69,859,875	4,289,638	136,165	74,285,678

Reconciliation of provisions - Controlling entity - 2011

	Opening Balance	Expenditure incurred	Discounting	Total
Rehabilitation of landfill sites	69,629,772	2,372,586	-	72,002,358
Rehabilitation of quarry sites	4,655,906	141,884	392,183	5,189,973
	74,285,678	2,514,470	392,183	77,192,331

Reconciliation of provisions - Controlling entity - 2010

	Opening Balance	Expenditure incurred	Discounting	Total
Rehabilitation of landfill sites	65,688,464	3,941,308	-	69,629,772
Rehabilitation of quarry sites	4,171,411	348,330	136,165	4,655,906
	69,859,875	4,289,638	136,165	74,285,678

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 28 of 2002. The provision was determined by an independent expert and approximates the discounted expected future cash flows using reasonable estimation techniques.

Landfills consist of:

- Botshabelo landfill site
- Bloemfontein Northern landfill site
- Bloemfontein Southern landfill site
- Thaba Nchu landfill site

The final restoration of landfill sites are expected to be over a period of 15 years, being the estimated useful lives of landfill sites. No uncertainties were listed in the engineer's report.

Engineers were appointed during 2008/09 to provide a detailed report of closure costs for the sites as at 30 June 2009. The estimated closure costs were also provided for previous financial years. The costs as per the engineer's report is therefore adjusted annually in terms of inflation rate parameters. A 3.7% (2010: 6%) increase was applied for the current reporting period.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

25. Provisions (continued)

Rehabilitation of quarry sites

In terms of the Mineral and Petroleum Resources Development Act, 28 of 2002, it is required from the entity to execute the environmental management program to restore the quarry sites after its useful life. Provision for the Petra Quarry has been made based on cost determined by the engineer and the cost was adjusted using average inflation rate.

The calculation of rehabilitation of other quarries is based on the estimated use per annum plus the total area to be rehabilitated from the previous year, multiplied with the estimated restoration cost per unit and increased annually by using the average inflation rate. The calculation is cumulative and thus equates to the present value of restoration costs as at the reporting date.

The provision was determined by an independent expert and approximates the discounted expected future cash flows using reasonable estimation techniques.

Quarries consist of:

- Petra Quarry
- Cecilia Quarry
- Sunnyside Quarry
- Thaba Nchu Quarries
- Botshabelo Quarries

The rehabilitation of quarries is expected to be over a period of 20-30 years, being the estimated useful lives of the quarries. No uncertainties were used in the calculation of the rehabilitation cost.

26. Financial liabilities by category

The accounting policies for financial instruments have been applied to the column items below:

Economic entity - 2011

	Financial liabilities at amortised cost	Total
Consumer deposits	73,795,196	73,795,196
Other financial liabilities - Non-current portion	20,162,975	20,162,975
Other financial liabilities - Current portion	2,184,181	2,184,181
Payables from non-exchange transactions	2,329,231	2,329,231
Trade and other payables from exchange transactions	580,680,143	580,680,143
VAT payable	75,859,268	75,859,268
	755,010,994	755,010,994

Economic entity - 2010

	Financial liabilities at amortised cost	Total
Consumer deposits	63,476,050	63,476,050
Other financial liabilities	1,976,260	1,976,260
Other financial liabilities - Non-current portion	10,517,382	10,517,382
Payables from non-exchange transactions	3,660,624	3,660,624
Trade and other payables from exchange transactions	550,162,909	550,162,909
VAT payable	87,095,362	87,095,362
	716,888,587	716,888,587

Controlling entity - 2011

	Financial liabilities at amortised cost	Total
Consumer deposits	27,464,066	27,464,066

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

26. Financial liabilities by category (continued)

Other financial liabilities - Current portion			2,184,181	2,184,181
Other financial liabilities			20,162,975	20,162,975
Payables from non-exchange transactions			2,329,231	2,329,231
Trade and other payables			720,293,186	720,293,186
VAT payable			75,859,268	75,859,268
			848,292,907	848,292,907

Controlling entity - 2010

	Financial liabilities at amortised cost	Total
Consumer deposits	25,107,132	25,107,132
Other financial liabilities - Current portion	1,976,260	1,976,260
Other financial liabilities	10,517,382	10,517,382
Payables from non-exchange transactions	3,660,624	3,660,624
Trade and other payables	678,579,329	678,579,329
VAT payable	87,095,362	87,095,362
	806,936,089	806,936,089

27. Housing development fund reserve

Opening balance	11,202,948	21,376,064	11,202,948	21,376,064
Transfers	(7,552,522)	(10,173,116)	(7,552,522)	(10,173,116)
	3,650,426	11,202,948	3,650,426	11,202,948

The housing development fund is represented by the following assets and liabilities

Housing selling scheme loans	-	11,405,024	-	11,405,024
Housing rental receivables	1,229,958	2,028,999	1,229,958	2,028,999
Assets	1,229,958	13,434,023	1,229,958	13,434,023
Excess over fund reserve	(2,420,468)	2,231,075	(2,420,468)	2,231,075
Total Housing Development Fund Assets and Liabilities	3,650,426	11,202,948	3,650,426	11,202,948

The housing development fund was established in terms of the Housing Act of 1997. Loans from national and provincial government used to finance housing selling schemes undertaken by the entity were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the fund. Monies standing to the credit of the fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

28. Revaluation reserve

The surplus arising from the revaluation of land is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Any impairment loss of a revalued asset shall be treated as a revaluation decrease. To the extent that the impairment loss exceeds the revaluation surplus for the same asset, the impairment loss is recognised in the accumulated surplus/(deficit).

Opening balance	1,483,538,949	1,480,035,865	587,437,194	584,022,037
Contributions	2,184,792	3,503,084	2,184,792	3,415,157
	1,485,723,741	1,483,538,949	589,621,986	587,437,194

29. Mark-to-market reserve

The fair value adjustment assets available-for-sale reserve comprises all fair value adjustments on available-for-sale financial instruments (OVK Limited unlisted shares). When an asset or liability is derecognised, the fair value adjustments relating to that asset or liability is transferred to surplus or deficit.

Available-for-sale financial instruments	7,832	6,160	7,832	6,160
Fair value gain	1,501	1,672	1,501	1,672
	9,333	7,832	9,333	7,832

30. Self-insurance reserve

The entity has a self-insurance reserve to set aside amounts to offset potential losses or claims, which are not insured externally.

The balance of the self-insurance reserve is determined based on the insurance risk carried by the entity, which is calculated by the council's insurance broker and is reinstated or increased by a transfer from the accumulated surplus/(deficit).

The balance of the self-insurance fund should be invested in short-term cash investments.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus/(deficit).

Opening balance	74,606,710	73,132,814	74,606,710	73,132,814
Contributions	2,514,662	2,297,910	2,514,662	2,297,910
Insurance claims processed	(1,031,205)	(824,014)	(1,031,205)	(824,014)
	76,090,167	74,606,710	76,090,167	74,606,710

31. COID reserve

The Compensation for Occupational Injuries and Diseases Reserve is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the Compensation for Occupational Injuries and Disease reserve is determined by the Compensation Commissioner. The entity is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the entity is mandated to establish its own fund and administers this fund in terms of the COID Act.

Contributions are transferred to the COID reserve from the accumulated surplus/(deficit) based on the amounts as approved in the annual budget and determined by the Compensation Commissioner as well as additional amounts deemed necessary to ensure that the balance of the reserve fund is adequate to offset potential claims.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus/(deficit).

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	2011	2010	2011	2010
	R	R	R	R

31. COID reserve (continued)

The term deposit investment is pledged as security to the Compensation Commissioner of the Workmen's Compensation Fund to guarantee the payment of claims in respect of injuries while on duty. Refer to note 10

Opening balance	14,313,277	13,654,505	14,313,277	13,654,505
Contributions	2,534,227	2,346,900	2,534,227	2,346,900
Insurance claims processed	(5,850,844)	(1,688,128)	(5,850,844)	(1,688,128)
	10,996,660	14,313,277	10,996,660	14,313,277

32. Rental of facilities and equipment

Premises				
Premises	812,317	750,186	812,317	750,186
Venue hire	1,409,460	1,345,740	1,409,460	1,345,740
	2,221,777	2,095,926	2,221,777	2,095,926

Facilities and equipment

Deferred lease income	2,621,360	3,082,508	2,621,360	3,082,508
Rental of equipment	270,234	211,176	270,234	211,176
Rental of facilities	29,243,473	13,754,340	29,243,473	13,754,340
Rental of other	501,582	837,699	501,582	837,699
	32,636,649	17,885,723	32,636,649	17,885,723
	34,858,426	19,981,649	34,858,426	19,981,649

33. Service charges

Sale of electricity	1,130,497,111	926,979,708	-	-
Sale of water	406,241,759	303,100,248	406,241,759	303,100,248
Sewerage and sanitation charges	145,973,721	127,253,044	145,973,721	127,253,044
Refuse removal	5,343,219	4,593,428	5,343,219	4,593,428
Less - Fair value adjustment	-	(5,419,255)	-	(5,419,255)
	1,688,055,810	1,356,507,173	557,558,699	429,527,465

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	2011 R	2010 R	2011 R	2010 R
34. Government grants and subsidies				
2010 World cup - Host city operating grant	19,000,000	50,096,750	19,000,000	50,096,750
2010 World cup - Stadia development grant	-	36,390,066	-	36,390,066
2010 World cup - Stadia provincial grant	8,779,971	3,662,778	8,779,971	3,662,778
COGTA - Fire suppression grant	-	2,177,844	-	2,177,844
DBSA 2010 World cup soccer grant	-	2,000,000	-	2,000,000
DWAF - Water services operating and transfer subsidy grant	2,025,823	7,377,042	2,025,823	7,377,042
Electricity demand side management grant	4,461,922	2,467,980	5,000,000	4,000,000
Equitable share	504,274,138	394,636,828	494,272,603	394,636,828
Finance management grant	1,238,094	1,058,911	1,238,094	1,058,911
Local government and housing - Grassland area	-	15,740,175	-	15,740,175
Local government and housing grant - White city hostels	1,172,882	7,947,832	1,172,882	7,947,832
Motheo - Contribution environmental health grant	9,195,407	2,854,853	9,195,407	2,854,853
Municipal accreditation project funding - Housing grant	55	102,247	55	102,247
Municipal infrastructure grant	145,501,257	56,476,133	145,501,257	56,476,133
Municipal systems improvement grant	1,435,145	580,221	1,435,145	580,221
National electrification program grant - DME	-	-	13,000,000	1,227,000
National electrification program grant - DME Provincial grant - CCTV	11,040,961	3,611,818	-	-
Provincial grant - CCTV	-	19,914,149	-	19,914,149
Provincial grant - Du Plessis/Muller intersection	24,093	2,421,268	24,093	2,421,268
Provincial grant - Hlasela project - Boikemesetso farming	-	200,000	-	200,000
Provincial grant - Hlasela project - Iphahamilseng centre	-	140,297	-	140,297
Provincial grant - Hlasela project - Lehlohonolo music group	7,200	-	7,200	-
Provincial grant - Hlasela project - Mystic Beauty Saloon	-	200,000	-	200,000
Provincial grant - Hlasela project - Upgrading roads in Batho	5,911,183	5,916,601	5,911,183	5,916,601
Provincial grant - Hlasela project - Upgrading housing in Batho	334,124	30,000,000	334,124	30,000,000
Provincial grant - Land use scheme	748,686	646,359	748,686	646,359
Provincial grant - Planning and surveying	81,066	180,553	81,066	180,553
Provincial grant - Township establishment - Caleb Motshabi	1,196,552	656,209	1,196,552	656,209
Public transport infrastructure and systems fund grant	172,005,330	205,281,304	172,005,330	205,281,304
Restructuring grant	123,686	1,795,083	123,686	1,795,083
Urban renewal grant	288,326	(15,529)	288,326	(15,529)
	888,845,901	854,517,772	881,341,483	853,664,974

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

Balance unspent at beginning of year	38,703,738	18,305,870	38,703,738	18,305,870
Receipts	169,729,000	76,874,000	169,729,000	76,874,000
Conditions met - transferred to revenue	(145,501,258)	(56,476,132)	(145,501,258)	(56,476,132)
	62,931,480	38,703,738	62,931,480	38,703,738

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

34. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 23)

In terms of the MFMA Circular No.48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects. The entity reports at year-end all unspent conditional grants were committed to identifiable projects.

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grants was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

2010 World cup - Host city operating grant

Balance unspent at beginning of year	19,000,000	50,096,750	19,000,000	50,096,750
Receipts	-	19,000,000	-	19,000,000
Conditions met - transferred to revenue	(19,000,000)	(50,096,750)	(19,000,000)	(50,096,750)
	<u>-</u>	<u>19,000,000</u>	<u>-</u>	<u>19,000,000</u>

The grant was allocated to the entity to assist with the development and improvement of stadiums and to assist host cities with operational responsibilities associated with hosting the 2010 World cup.

2010 World cup - Stadia development grant

Balance unspent at beginning of year	-	34,410,832	-	34,410,832
Receipts	-	1,979,234	-	1,979,234
Conditions met - transferred to revenue	-	(36,390,066)	-	(36,390,066)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The grant was allocated to the entity for the development and improvement of the sport stadium for the 2010 World cup.

2010 World cup - Stadia provincial grant

Balance unspent at beginning of year	16,622,725	20,285,503	16,622,725	20,285,503
Conditions met - transferred to revenue	(8,779,970)	(3,662,778)	(8,779,970)	(3,662,778)
	<u>7,842,755</u>	<u>16,622,725</u>	<u>7,842,755</u>	<u>16,622,725</u>

Conditions still to be met - remain liabilities (see note 23)

The grant is allocated to the entity for the development and improvement of the sport stadium for the 2010 World cup.

COGTA - Fire suppression grant

Balance unspent at beginning of year	82,817	2,260,660	82,817	2,260,660
Conditions met - transferred to revenue	-	(2,177,843)	-	(2,177,843)
	<u>82,817</u>	<u>82,817</u>	<u>82,817</u>	<u>82,817</u>

Conditions still to be met - remain liabilities (see note 23)

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	2011	2010	2011	2010
	R	R	R	R

34. Government grants and subsidies (continued)

The grant was allocated to the entity to capacitate the fire and rescue division in order to deal with the 2010 World cup.

DBSA 2010 World cup soccer grant

Balance unspent at beginning of year	-	2,000,000	-	2,000,000
Conditions met - transferred to revenue	-	(2,000,000)	-	(2,000,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 23)

The grant was allocated to the entity to fund the expenditure of the 2010 World cup.

DWAF - Water services operating and transfer subsidy grant

Balance unspent at beginning of year	2,025,822	9,402,864	2,025,822	9,402,864
Conditions met - transferred to revenue	(2,025,822)	(7,377,042)	(2,025,822)	(7,377,042)
	<u>-</u>	<u>2,025,822</u>	<u>-</u>	<u>2,025,822</u>

Conditions still to be met - remain liabilities (see note 23)

The purpose of the grant is to fund bulk connector and internal infrastructure for water services at a basic level of service.

Electricity demand side management grant

Balance unspent at beginning of year	1,040,792	2,535,502	-	-
Receipts	4,385,964	973,270	5,000,000	4,000,000
Conditions met - transferred to revenue	(4,461,922)	(2,467,980)	(5,000,000)	(4,000,000)
	<u>964,834</u>	<u>1,040,792</u>	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 23)

To implement the Electricity Demand Side Management (EDSM) programme by providing capital subsidies to licensed distributors to address EDSM in residential dwellings, communities and municipal buildings in order to mitigate the risk of load shedding and supply interruptions.

Provincial grant - Hlasela project - Upgrading of housing in Batho

Balance unspent at beginning of year	2,083,399	8,000,000	2,083,399	8,000,000
Receipts	5,577,059	-	-	-
Conditions met - transferred to revenue	(5,911,183)	(5,916,601)	(334,124)	(5,916,601)
	<u>1,749,275</u>	<u>2,083,399</u>	<u>1,749,275</u>	<u>2,083,399</u>

Conditions still to be met - remain liabilities (see note 23)

The purpose of the grant is to assist the entity with the operation Hlasela project, the upgrading of housing in the Batho area.

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

34. Government grants and subsidies (continued)

Finance management grant

Balance unspent at beginning of year	61,718	370,629	61,718	370,629
Receipts	1,188,999	750,000	1,188,999	750,000
Conditions met - transferred to revenue	(1,238,094)	(1,058,911)	(1,238,094)	(1,058,911)
	12,623	61,718	12,623	61,718

Conditions still to be met - remain liabilities (see note 23)

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Local government and housing - Grassland area

Balance unspent at beginning of year	3,965,043	19,705,218	3,965,043	19,705,218
Conditions met - transferred to revenue	-	(15,740,175)	-	(15,740,175)
	3,965,043	3,965,043	3,965,043	3,965,043

Conditions still to be met - remain liabilities (see note 23)

The grant is allocated for housing infrastructure projects for the Grassland area.

Local government and housing grant - White city hostels

Balance unspent at beginning of year	1,215,190	9,163,022	1,215,190	9,163,022
Conditions met - transferred to revenue	(1,172,882)	(7,947,832)	(1,172,882)	(7,947,832)
	42,308	1,215,190	42,308	1,215,190

Conditions still to be met - remain liabilities (see note 23)

The grant is allocated for the upgrading of the White city hostels.

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

34. Government grants and subsidies (continued)

Motheo - Contribution environmental health grant

Balance unspent at beginning of year	13,786,458	10,141,311	13,786,458	10,141,311
Receipts	6,089,250	6,500,000	6,089,250	6,500,000
Conditions met - transferred to revenue	(9,195,407)	(2,854,853)	(9,195,407)	(2,854,853)
	10,680,301	13,786,458	10,680,301	13,786,458

Conditions still to be met - remain liabilities (see note 23)

The purpose of the grant is to assist municipalities with the rendering of environmental health services.

Municipal accreditation project funding - Housing grant

Balance unspent at beginning of year	3,422,331	3,524,578	3,422,331	3,524,578
Conditions met - transferred to revenue	(56)	(102,247)	(56)	(102,247)
	3,422,275	3,422,331	3,422,275	3,422,331

Conditions still to be met - remain liabilities (see note 23)

The grant is allocated to the entity to finance and support the entity accreditation project as well as capacity development.

Municipal systems improvement grant

Balance unspent at beginning of year	685,145	765,366	685,145	765,366
Receipts	750,000	500,000	750,000	500,000
Conditions met - transferred to revenue	(1,435,145)	(580,221)	(1,435,145)	(580,221)
	-	685,145	-	685,145

Conditions still to be met - remain liabilities (see note 23)

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government and the Municipal Systems Act.

National electrification program grant - DME

Receipts	11,403,509	3,611,818	13,000,000	1,227,000
Conditions met - transferred to Centlec Pty Ltd	(11,040,961)	(3,611,818)	(13,000,000)	(1,227,000)
	362,548	-	-	-

Conditions still to be met - remain liabilities (see note 23)

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bull infrastructure and rehabilitation of electrification infrastructure. The grant was transferred to Centlec Pty Ltd.

Provincial grant - CCTV

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	2011 R	2010 R	2011 R	2010 R

34. Government grants and subsidies (continued)

Balance unspent at beginning of year	130,851	20,045,000	130,851	20,045,000
Conditions met - transferred to revenue	-	(19,914,149)	-	(19,914,149)
	<u>130,851</u>	<u>130,851</u>	<u>130,851</u>	<u>130,851</u>

Conditions still to be met - remain liabilities (see note 23)

The was allocated to the entity for CCTV cameras at the Bloemfontein CBD stadium and Navil Hill.

Provincial grant - Du Plessis/Muller intersection

Balance unspent at beginning of year	578,732	3,000,000	578,732	3,000,000
Conditions met - transferred to revenue	(24,092)	(2,421,268)	(24,092)	(2,421,268)
	<u>554,640</u>	<u>578,732</u>	<u>554,640</u>	<u>578,732</u>

Conditions still to be met - remain liabilities (see note 23)

The purpose of the grant is to assist the entity with the Du Plessis / Muller intersection infrastructure project as part of the widening of Nelson Mandela Drive.

Provincial grant - Hlasela project - Boikemesetso farming

Balance unspent at beginning of year	-	200,000	-	200,000
Conditions met - transferred to revenue	-	(200,000)	-	(200,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 23)

The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project - a cooperative farming in Boikemesetso.

Provincial grant - Hlasela project - Mystic Beauty Saloon

Balance unspent at beginning of year	-	200,000	-	200,000
Conditions met - transferred to revenue	-	(200,000)	-	(200,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 23)

The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project - Mystic Beauty Saloon.

Provincial grant - Hlasela project - Iphahamseng centre

Balance unspent at beginning of year	3,703	-	3,703	-
Receipts	-	144,000	-	144,000
Conditions met - transferred to revenue	-	(140,297)	-	(140,297)
	<u>3,703</u>	<u>3,703</u>	<u>3,703</u>	<u>3,703</u>

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	2011	2010	2011	2010
	R	R	R	R

34. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 23)

The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project, for swings, computer internet services and adopting the Iphahamseng centre for vulnerable children.

Provincial grant - Hlasela project - Lehlohonolo music group

Balance unspent at beginning of year	7,200	7,200	7,200	7,200
Conditions met - transferred to revenue	(7,200)	-	(7,200)	-
	<u>-</u>	<u>7,200</u>	<u>-</u>	<u>7,200</u>

Conditions still to be met - remain liabilities (see note 23)

The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project, the Lehlohonolo music group.

Provincial grant - Batho roads project

Receipts	26,757,491	30,000,000	26,757,491	30,000,000
Conditions met - transferred to revenue	(334,124)	(30,000,000)	(334,124)	(30,000,000)
	<u>26,423,367</u>	<u>-</u>	<u>26,423,367</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 23)

The purpose of this grant is to assist the entity with the implementation of the upgrading of roads in the Batho area.

Provincial grant - Land use scheme

Balance unspent at beginning of year	748,686	1,395,045	748,686	1,395,045
Conditions met - transferred to revenue	(748,686)	(646,359)	(748,686)	(646,359)
	<u>-</u>	<u>748,686</u>	<u>-</u>	<u>748,686</u>

Conditions still to be met - remain liabilities (see note 23)

To assist the entity with the compilation of a town planning scheme, to manage land development.

Provisional grant - Planning and surveying

Balance unspent at beginning of year	574,210	754,763	574,210	754,763
Conditions met - transferred to revenue	(81,066)	(180,553)	(81,066)	(180,553)
	<u>493,144</u>	<u>574,210</u>	<u>493,144</u>	<u>574,210</u>

Conditions still to be met - remain liabilities (see note 23)

The purpose of the grant is to assist municipalities with the compilation of a town planning scheme to manage land development.

Provincial grant - Township establishment - Caleb Motshabi

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	2011	2010	2011	2010
	R	R	R	R

34. Government grants and subsidies (continued)

Balance unspent at beginning of year	1,343,791	2,000,000	1,343,791	2,000,000
Conditions met - transferred to revenue	(1,196,552)	(656,209)	(1,196,552)	(656,209)
	147,239	1,343,791	147,239	1,343,791

Conditions still to be met - remain liabilities (see note 23)

To assist the entity with the establishing of the township establishment Caleb Motshabi.

Public transport infrastructure and systems fund grant

Balance unspent at beginning of year	121,120,549	229,233,853	121,120,549	229,233,853
Receipts	151,000,000	97,168,000	151,000,000	97,168,000
Conditions met - transferred to revenue	(172,005,330)	(205,281,304)	(172,005,330)	(205,281,304)
	100,115,219	121,120,549	100,115,219	121,120,549

Conditions still to be met - remain liabilities (see note 23)

The grant is allocated to the entity to improve public transport infrastructure and systems, in accordance with the agreed project plans.

Restructuring grant

Balance unspent at beginning of year	123,685	1,918,768	123,685	1,918,768
Conditions met - transferred to revenue	(123,685)	(1,795,083)	(123,685)	(1,795,083)
	-	123,685	-	123,685

Conditions still to be met - remain liabilities (see note 23)

The purpose of the grant is to support municipal restructuring initiatives of large municipalities. Funds are made available on the basis of an approved restructuring plan that addresses challenges in a sustainable manner.

Urban renewal grant

Balance unspent at beginning of year	568,879	377,500	568,879	377,500
Receipts	-	175,850	-	175,850
Conditions met - transferred to revenue	(288,326)	15,529	(288,326)	15,529
	280,553	568,879	280,553	568,879

Conditions still to be met - remain liabilities (see note 23)

The grant is allocated for the development of erven.

DBSA - Capacity building programme grant

Balance unspent at beginning of year	234,104	234,104	234,104	234,104
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Conditions still to be met - remain liabilities (see note 23)

The grant is allocated for development.

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R

34. Government grants and subsidies (continued)

Motheo - Tourism grant

Receipts	10,750	-	10,750	-
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Conditions still to be met - remain liabilities (see note 23)

The grant is allocated for development tourism.

Motheo - Upgrading of roads grant

Receipts	1,259,252	-	1,259,252	-
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Conditions still to be met - remain liabilities (see note 23)

The grant is allocated for the upgrading of roads.

Provincial grant - Grassland area

Balance unspent at beginning of year	4,500,000	4,500,000	4,500,000	4,500,000
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Conditions still to be met - remain liabilities (see note 23)

The grant is allocated for the development of the Grassland area.

Urban settlement development grant

Balance unspent at beginning of year	916,014	-	916,014	-
Receipts	5,589,040	916,014	5,589,040	916,014
	6,505,054	916,014	6,505,054	916,014

Conditions still to be met - remain liabilities (see note 23)

The grant is allocated for the upgrading of urban areas.

Provincial grant - Hlasela project - Batho car wash

Balance unspent at beginning of year	150,000	-	150,000	-
Receipts	-	150,000	-	150,000
	150,000	150,000	150,000	150,000

Conditions still to be met - remain liabilities (see note 23)

The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project, a car wash in the Batho area.

Provincial Grant - Hlasela Project - Re Ba Ikemetseng Bomme

Balance unspent at beginning of year	100,000	-	100,000	-
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	2011	2010	2011	2010
	R	R	R	R
34. Government grants and subsidies (continued)				
Receipts	-	100,000	-	100,000
	100,000	100,000	100,000	100,000

Conditions still to be met - remain liabilities (see note 23)

The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project, Re Ba Ikemetseng Bomme swing project.

35. Property rates

Rates received

Residential and business/commercial	345,437,738	308,762,787	345,437,738	308,762,787
Government	51,405,654	32,840,021	51,405,654	36,795,651
Less: Fair value adjustment	-	(3,098,919)	-	(3,098,919)
	396,843,392	338,503,889	396,843,392	342,459,519

Valuations

Residential	29,927,765,099	28,615,616,839	29,927,765,099	28,615,616,839
Business/commercial	8,168,958,164	7,841,067,420	8,168,958,164	7,841,067,420
Government	3,580,394,249	3,190,647,949	3,580,394,249	3,190,647,949
Municipal	2,709,153,580	2,185,893,580	2,709,153,580	2,185,893,580
	44,386,271,092	41,833,225,788	44,386,271,092	41,833,225,788

Valuations on which property rates are based are performed every 4 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The basic rates of R0.0912 on the value of land and R0.008238 on the value of improvements are applied to determine assessment rates. The first R40,000 of the rateable value of residential property are exempted from taxes, including properties which are zoned for the purpose of town houses and flats, as well as smallholding's and farms used solely for residential and agricultural purposes.

The new general valuation will be implemented on 1 July 2013.

2010

From 1 July 2009 the basic rates were adjusted as follows:

- R0.00034 on the value of rateable farm property
- R0.005651 on the value of rateable residential property
- R0.013128 on the value of rateable government property
- R0.028255 on the value of rateable business/commercial property

2011

From 1 July 2010 the basic rates were adjusted as follows:

- R0.006386 on the value of rateable farm property
- R0.006386 on the value of rateable residential property
- R0.015965 on the value of rateable government property
- R0.031081 on the value of rateable business/commercial property

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
36. Investment revenue				
Finance income				
Cash and cash equivalents	10,643,763	11,143,530	10,643,763	11,143,530
Centlec Pty Ltd - Advances	-	-	16,361,771	12,990,386
Centlec Pty Ltd - Shareholders loan	(1)	-	118,635,226	109,407,756
Interest charged on trade and other receivables	42,622,124	52,468,141	21,760,835	33,163,425
Other loans and receivables	2,471,265	2,271,832	2,471,265	2,271,832
	55,737,151	65,883,503	169,872,860	168,976,929
37. Other income				
Administration fees received	9,851,602	8,173,180	643,007	242,313
Building plan fees	2,169,747	2,001,891	2,169,747	2,001,891
Commissions received - Fresh market produce	14,536,896	13,900,564	14,536,896	13,900,564
Donations and public contributions	746,393	408,375	746,393	408,375
Entrance fees	3,567,149	4,114,099	1,575,595	1,255,847
Grave plots	2,558,390	2,489,429	2,558,390	2,489,429
Insurance collection	1,169,351	1,103,469	1,169,351	1,103,469
Network upgrade	11,706,337	12,267,290	-	-
Parking fees	863,617	730,232	863,617	730,232
Reconnection of water	447,438	405,753	447,438	405,753
Removal fees	979,994	771,725	979,994	771,725
Sale of redundant materials	2,820,642	55,699	2,566,681	2,639
Stock adjustments	1,351,012	1,354,821	-	-
Sundry income	7,007,573	6,319,183	7,007,573	6,319,183
Training costs	3,762,810	386,479	3,762,810	386,479
Unclaimed deposits and stale cheques	14,151,984	2,551,605	14,151,984	2,551,605
	77,690,935	57,033,794	53,179,476	32,569,504
38. Bulk purchases				
Electricity	758,698,272	592,477,353	-	-
Water	250,218,544	187,207,256	250,218,544	187,207,256
	1,008,916,816	779,684,609	250,218,544	187,207,256
39. Contracted services				
Debt collection fees	24,357,150	30,056,876	24,357,150	30,056,876
Integrated call centre	24,363,460	12,517,476	10,556,236	8,733,808
Other contracted services	35,966,081	36,762,580	31,584,824	31,708,304
Security services	14,728,719	13,384,414	14,728,719	13,384,414
VAT review fees	16,184,960	30,235,598	16,184,960	30,235,598
	115,600,370	122,956,944	97,411,889	114,119,000

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
40. Debt impairment				
Contributions to debt impairment provision	216,770,042	93,235,427	134,287,282	82,710,130
41. Depreciation and amortisation				
Property, plant and equipment	287,694,578	166,657,927	140,486,399	121,425,661
Intangible assets	361,751	1,598,924	361,751	1,598,924
	288,056,329	168,256,851	140,848,150	123,024,585

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
42. Employee related costs				
Basic	506,376,681	456,659,396	504,942,218	454,939,183
Defined benefit plan obligation - Current service cost	37,907,837	18,556,000	37,907,837	18,556,000
Housing benefits and allowances	2,790,346	3,541,749	2,790,346	3,541,749
Leave pay provision charge	3,154,656	18,196,853	2,802,447	18,326,434
Medical aid contributions	30,664,883	25,543,666	30,625,704	25,515,033
Overtime payments	55,632,880	47,433,564	55,632,880	47,433,564
Pension contributions	79,906,272	68,806,049	79,906,272	68,806,049
Staff bonuses - 13th cheques	2,050,524	1,706,646	2,050,524	1,706,646
Termination benefits	-	1,970,634	-	-
Travel, motor car, accommodation, subsistence and other allowances	42,980,379	38,982,514	42,860,379	38,732,514
UIF contributions	4,365,001	4,077,556	4,365,001	4,077,556
	765,829,459	685,474,627	763,883,608	681,634,728
Remuneration of Accounting Officer				
Annual remuneration	1,176,129	1,008,510	1,176,129	1,008,510
Car allowance	240,000	220,000	240,000	220,000
Contributions to UIF, Medical and Pension Funds	211,452	183,652	211,452	183,652
	1,627,581	1,412,162	1,627,581	1,412,162
The remuneration as reflected in 2010 was for a period of 11 months.				
Remuneration of Chief Finance Officer				
Annual remuneration	960,082	903,907	960,082	903,907
Car allowance	156,000	156,000	156,000	156,000
Contributions to UIF, Medical and Pension Funds	228,382	212,657	228,382	212,657
	1,344,464	1,272,564	1,344,464	1,272,564
Remuneration of Executive Director - Chief Operating Officer				
Annual remuneration	-	207,706	-	207,706
Car allowance	-	8,790	-	8,790
Contributions to UIF, Medical and Pension Funds	-	382	-	382
Leave pay	-	312,606	-	312,606
	-	529,484	-	529,484

This directorate has been discontinued from 1 July 2010. The activities under the control of the Chief Operating Officer were absorbed into other directorates.

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

42. Employee related costs (continued)

Remuneration of Executive Director - Corporate Services

Acting allowance	-	6,002	-	6,002
Annual remuneration	1,372,423	1,260,746	1,372,423	1,260,746
Car allowance	84,000	84,000	84,000	84,000
Contributions to UIF, Medical and Pension Funds	1,547	1,542	1,547	1,542
	<u>1,457,970</u>	<u>1,352,290</u>	<u>1,457,970</u>	<u>1,352,290</u>

Remuneration of Executive Director - Community and Social Development

Annual remuneration	903,043	519,983	903,043	519,983
Car allowance	120,000	73,000	120,000	73,000
Contributions to UIF, Medical and Pension Funds	176,255	88,555	176,255	88,555
	<u>1,199,298</u>	<u>681,538</u>	<u>1,199,298</u>	<u>681,538</u>

The remuneration as reflected in 2010 was for a period of 7 months.

Remuneration of Executive Director - Infrastructure Services

Annual remuneration	993,398	927,928	993,398	927,928
Car allowance	240,000	240,000	240,000	240,000
Contributions to UIF, Medical and Pension Funds	14,116	12,870	14,116	12,870
	<u>1,247,514</u>	<u>1,180,798</u>	<u>1,247,514</u>	<u>1,180,798</u>

Remuneration of Executive Director - Economic Development and Planning

Annual remuneration	1,179,059	629,229	1,179,059	629,229
Car allowance	120,000	60,000	120,000	60,000
Contributions to UIF, Medical and Pension Funds	158,911	771	158,911	771
	<u>1,457,970</u>	<u>690,000</u>	<u>1,457,970</u>	<u>690,000</u>

The remuneration as reflected in 2010 was for a period of 6 months.

Remuneration of Executive Director - Operations

Annual remuneration	1,240,158	-	1,240,158	-
Car allowance	168,000	-	168,000	-
Contributions to UIF, Medical and Pension Funds	17,753	-	17,753	-
	<u>1,425,911</u>	<u>-</u>	<u>1,425,911</u>	<u>-</u>

This directorate was established in the current year to cater for the functions of the regional managers.

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

42. Employee related costs (continued)

Remuneration of the Secretary - Controlled entity

Annual remuneration	961,518	958,585	-	-
Car allowance	120,000	130,000	-	-
Contributions to UIF, Medical and Pension Funds	39,179	27,738	-	-
	1,120,697	1,116,323	-	-

Remuneration of the Chief Executive Officer - Controlled entity

Annual remuneration	-	393,307	-	-
Car allowance	-	120,000	-	-
Contributions to UIF, Medical and Pension Funds	-	896	-	-
Other - final settlement	-	1,970,632	-	-
	-	2,484,835	-	-

43. Finance costs

Consumer deposits	4,364,476	9,669,119	2,702,170	942,630
Defined benefit plan obligation	34,040,000	29,709,000	34,040,000	29,709,000
Fair value adjustments on payables	-	7,617,777	-	7,617,777
Finance leases	193,344	358,117	138,648	323,794
Late payment of tax	-	1,060,373	-	1,060,373
Other financial liabilities - DBSA loans	1,348,540	1,385,859	1,348,540	1,385,859
Trade and other payables	29,018,853	695,309	-	-
	68,965,213	50,495,554	38,229,358	41,039,433

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R
44. General expenses				
Advertising	1,825,229	2,109,210	1,372,669	1,619,257
Animal costs	1,146,824	756,172	1,146,824	756,172
Assets expensed	359,100	634,516	264,986	449,406
Bank charges	8,387,492	6,589,527	6,374,767	4,247,402
Chemicals	6,283,515	6,005,926	6,283,515	6,004,385
Cleaning	8,202,212	4,548,532	8,096,261	4,305,991
Commission paid - Vendors	25,586,673	20,286,934	-	-
Community development and training	3,426,750	2,863,849	3,426,750	2,863,849
Computer expenses	189,521	438,028	-	253,393
Conferences and delegations	3,072,753	3,505,851	2,621,503	2,976,141
Connection charges	7,664,396	1,072,936	7,664,396	1,072,936
Consulting and professional fees	15,761,949	38,756,855	12,624,892	13,852,906
Consumables	3,088,025	3,864,997	3,086,922	3,864,107
Contractors fees	7,350,354	7,551,708	-	-
Electricity	358,077	402,413	54,924,430	25,039,056
Employment agency fees	299,849	1,941,502	-	-
Entertainment	263,518	205,788	-	-
Financial management grant projects	2,358,351	4,169,667	2,358,351	4,169,667
Fuel and oil	18,667,214	20,409,566	16,108,181	17,930,143
Hire equipment	4,641,964	4,103,568	3,913,032	3,628,005
Indigent burials	1,682,932	3,285,924	1,682,932	3,285,924
Insurance	5,452,911	6,123,171	3,185,072	3,273,581
Lease rentals on operating lease	2,316,374	2,854,144	1,834,395	2,396,625
Levies paid	5,873,372	4,847,302	5,873,372	5,269,271
License fees	1,510,526	3,168,283	1,308,459	2,441,755
Marketing	11,080,966	13,056,898	2,734,791	12,850,167
Motor vehicle expenses	2,106,891	(3,679,015)	1,740,577	(3,923,815)
Penalties and interest	7,940,708	4,039,516	7,940,708	4,039,516
Postage and courier	5,147,424	5,296,496	5,143,425	5,294,591
Printing and stationery	5,609,465	6,625,453	4,608,407	5,678,607
Protective clothing	3,423,240	3,445,690	2,955,195	3,148,317
Railway siding facilities	100,000	99,000	-	-
Refreshments	366,685	619,272	598,885	619,272
Refuse	3,295,506	2,612,261	3,295,506	2,612,261
Rehabilitation of landfill and quarry sites	774,690	4,425,803	774,690	4,425,803
Restructuring	2,547,520	1,795,083	2,547,520	1,795,083
Security	2,441,562	1,860,341	-	-
Sewerage and waste disposal	276,387	249,683	276,387	249,683
Software expenses not capitalised	4,089	73,956	225	66,110
Staff welfare	871,989	385,968	193,425	385,968
Subscriptions and membership fees	5,001,059	5,619,531	4,900,800	5,600,185
Sundry expenses	22,992,506	37,565,660	22,992,506	17,565,660
Telephone and fax	13,802,895	16,560,503	12,937,080	15,576,087
Title deed search fees	14,313	-	14,313	-
Tourism development	431,100	312,919	431,100	312,919
Training	3,946,692	2,853,977	3,404,311	2,094,520
Travel and subsistence	1,440,650	1,624,795	201,525	366,392
Vacuum services	7,616,078	5,954,823	7,616,078	5,954,823
Water	12,439,070	16,450,844	12,439,070	16,442,474
Workmen's compensation contributions	2,534,227	2,323,311	2,450,205	2,268,454
World cup expenses	10,974,741	59,267,332	10,974,741	59,267,332
	262,950,334	339,936,469	255,323,179	272,390,381

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R
45. Grants and subsidies paid				
Other subsidies				
Bursaries paid to employees	732,767	826,383	732,767	826,383
Central Agricultural Society	-	8,107	-	8,107
Cost of living allowance for pensioners	-	153,642	-	153,642
Employees and ex-employees	(27)	(258)	(27)	(258)
Free services - Eskom	6,985,420	2,148,209	19,985,420	39,364,134
Miscellaneous grants	115,429	93,364	115,429	93,364
National Electrification Program Grant	-	-	5,000,000	1,227,000
SPCA	351,099	328,130	351,099	328,130
	8,184,688	3,557,577	26,184,688	42,000,502

Bursaries paid to employees

Bursaries are paid to employees in accordance with the approved study scheme.

Central Agricultural Society

The payments to the society is for the maintenance of Council's property at the show grounds which are used in accordance with an agreement with the society.

Cost of living allowance for pensioners

The allowance is applicable to pensioners of the former Bloemfontein municipality who did not belong to a pension fund, which are subsidised according to an approved formula.

Free electricity services

The free electricity provided by Eskom is recoverable from the equitable share grant.

Miscellaneous grants

These grants are allocated mainly for ad hoc grants and the free use of Council facilities, as approved during the year.

National Electrification Programme Grant

The grant is used to implement the programme by providing capital subsidies to licensed distributors to address the programme in order to mitigate the risk of load shedding and supply interruptions. The grant was transferred to Centlec Pty Ltd.

SPCA - Society for the Prevention of Cruelty to Animals

The subsidy is paid annually to the society to assist them in performing their tasks.

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
46. Remuneration of councillors				
Executive Mayor	708,438	675,011	708,438	675,011
Deputy Executive Mayor	560,113	540,008	560,113	540,008
Mayoral Committee Members	5,304,134	4,556,322	5,304,134	4,556,322
Speaker	561,207	540,008	561,207	540,008
Councillors	15,172,702	15,086,774	15,172,702	15,086,774
Chief Whip	319,044	506,258	319,044	506,258
	22,625,638	21,904,381	22,625,638	21,904,381

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full time employees of the entity and each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Executive Mayor have use of Council owned vehicles for official duties.

The Executive Mayor and Deputy Executive Mayor have two bodyguards on a rotational basis and an official driver at the cost of Council.

47. Impairment of assets

Impairments

Inventories	1,073,762	-	-	-
Write down of inventory to the lower of cost and net realisable value.				

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
48. Cash generated from operations				
Surplus	300,859,281	301,984,479	416,334,170	288,513,723
Adjustments for:				
Depreciation and amortisation	288,056,329	168,256,851	140,848,150	125,349,838
Loss on sale of assets and liabilities	-	(3,931,995)	(2,772,870)	-
Fair value adjustments	54,696	34,323	-	-
Finance costs - Finance leases	193,344	358,117	138,648	323,794
Interest income	(169,872,860)	(12,405,434)	(169,872,860)	(8,568,971)
Finance costs	68,771,869	50,137,437	38,090,710	40,715,639
Debt impairment	216,770,042	93,235,427	134,287,282	82,710,130
Movements in provisions	2,906,653	4,425,803	2,906,653	4,425,803
Heritage assets fair value adjustments	(2,184,792)	-	(2,184,792)	-
Staff bonuses - 13th cheque accrual	2,050,524	1,706,646	2,050,524	1,706,646
Staff leave day accrual	2,802,447	18,326,434	2,802,447	18,326,434
Defined benefit plan obligation - Benefits paid by the plan	(6,473,000)	(5,894,000)	(6,473,000)	(5,894,000)
Defined benefit plan obligation - Current service costs	37,907,837	18,556,000	37,907,837	18,556,000
Defined benefit plan obligation - Interest	34,040,000	29,709,000	34,040,000	29,709,000
Defined benefit plan obligation - Actuarial gains and losses	(9,091,000)	11,425,000	(9,091,000)	11,425,000
Interest on fair value of receivables	-	(9,609,671)	-	(9,609,671)
Interest on fair value of payables	-	7,617,777	-	7,617,777
Other non cash items	(216,551,860)	(50,800,430)	(183,937,854)	(47,626,373)
Changes in working capital:				
Inventories	11,421,196	(5,499,712)	2,061,167	(5,033,240)
Trade and other receivables from exchange transactions	(68,202,030)	(22,750,662)	(47,164,885)	(21,781,890)
Other receivables from non-exchange transactions	(56,842,146)	(47,769,078)	(5,271,918)	848,034
Trade and other payables from exchange transactions	140,333,954	296,049,550	40,382,464	185,551,309
VAT receivable / payable	(13,482,692)	12,221,181	(11,236,094)	30,985,715
Conditional grants and receipts	(831,447)	(186,394,938)	(1,118,037)	(184,900,228)
Consumer deposits	7,962,212	4,850,066	-	-
Impairment	-	(82,672,371)	-	(82,672,371)
	570,598,557	591,165,800	412,726,742	480,678,098

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
49. Capital commitments				
49.1 Commitments in respect of capital expenditure				
Approved and contracted for				
- Property, plant and equipment	26,626,912	784,220	-	-
- Infrastructure	167,157,795	509,680,520	162,056,439	509,680,520
- Community	-	23,300,668	-	23,300,668
- Other financial assets	40,985,935	-	40,985,935	-
	234,770,642	533,765,408	203,042,374	532,981,188
This expenditure will be financed from				
- Unspent capital conditional grants	151,746,509	191,381,825	138,265,637	191,381,825
- Own resources	60,676,977	329,889,941	42,429,581	329,105,721
- Other financial liabilities	22,347,156	12,493,642	22,347,156	12,493,642
	234,770,642	533,765,408	203,042,374	532,981,188
49.2 Operating leases - as lessee (expense)				
Minimum lease payments due				
- within one year	2,842,917	884,628	2,523,390	594,149
- in second to fifth year inclusive	6,228,287	2,099,277	4,597,073	148,537
	9,071,204	2,983,905	7,120,463	742,686
Operating leases payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 3 years.				
No sublease contracts exists and no contingent rent is payable for the reporting period.				
Operating leases - as lessor (revenue)				
Minimum lease payments due				
- within one year	5,974,020	6,716,666	5,974,020	6,716,666
- in second to fifth year inclusive	19,696,479	145,269,782	19,696,479	145,269,782
- later than five years	111,564,642	121,198,260	111,564,642	121,198,260
	137,235,141	273,184,708	137,235,141	273,184,708

The entity leases various fixed properties under non-cancelable operating leases to various institutions. The lease agreements have escalations between 6 and 12% per year with the agreements varying between 2 to 50 years. Rental income, for these agreements, to the value of R6,879,692 (2010: R6,879,692) has been recognised in the Statement of Financial Performance during the year.

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

50. Contingencies

Guarantees and contingent liabilities

Guarantees

Housing loans guarantees to employees at various financial institutions amounted to R3,002,597 (2010: R2,973,881).

Contingent liabilities

The economic entity has various contractual claims by contractors, suppliers and staff are currently in dispute, and are subject to mediation. The maximum potential liability is estimated at R56,77 million (2010: R82,06 million). Included in the total estimate of R56,77 million is a disputed amount of R31,00 million, which relates to a claim from a consultant who's services were terminated as a result of non-performance.

The economic entity is of the opinion that the litigation is likely to be in their favour. The legal costs was estimated and included in the total estimate amount. The timing of the legal proceedings regulating the above is, however uncertain.

The controlling entity has various contractual claims by contractors, suppliers and staff are currently in dispute, and are subject to mediation. The maximum potential liability is estimated at R82,27 million (2010: R78,57 million). Included in the total estimate of R82,27 million is a disputed amount of R20,69 million, which relates to a claim from Centlec Pty Ltd for the refunding regarding payment of interest charged on an overdue account and unpaid interest of R 36,90 million on the Centlec Pty Ltd intercompany loan account of R 424,508,462 million.

The controlling entity is of the opinion that the litigation is likely to be in their favour. The legal costs were estimated and included in the total estimated amount. The timing of the legal proceedings regulating the above is, however, uncertain.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

51. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- entities that are directly or indirectly controlled by the municipality;
- key management personnel, and close members of the family of key management personnel;
- entities in which a substantial ownership interest is held, directly or indirectly, by key management personnel or entities over which such a person is able to exercise significant influence.

The economic entity's key management personnel includes the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 1 July 2004. Details of loans, together with the conditions thereof, granted prior to this date are disclosed below.

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Relationships

Controlling entity

Controlled entity

Mangaung Metropolitan Municipality

Refer to note 15

Related party transactions

Key management and Councillors

No business transactions took place between the economic entity, key management personnel and close family members of key management personnel during the financial year.

Remuneration details are disclosed in note 42, for key management and note 46 for Councillors.

Vehicle loan to member of key management	Opening balance	Loans repaid	Closing balance
Mafisa M A	3,151	(3,151)	-

52. Director emoluments - Controlled entity

Non-executive

2011	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
For services as directors	468,000	-	-	-	468,000
2010	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
For services as directors	364,822	-	-	-	364,822

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R
53. Prior period errors				
53.1 Prior period errors - Cleaning of litter hotspots				
Reclassification of an employee related cost item which was incorrectly included under the general expenses line item.				
The correction of the error results in adjustments as follows:				
Statement of financial performance				
Increase in employee related costs	-	27,875	-	27,875
Decrease in general expenses	-	(27,875)	-	(27,875)
53.2 Prior period errors - Training venues				
During the 2009/10 financial year, management incorrectly classified an expense relating to the reconstruction of a sport pitch as general expenditure, whereas it should have been classified as repairs and maintenance.				
The correction of the error results in adjustments as follows:				
Statement of financial performance				
Increase in repairs and maintenance	-	253,598	-	253,598
Decrease in general expenses	-	(253,598)	-	(253,598)
53.3 Prior period errors - Health claims outstanding				
Health claims outstanding were written off as confirmed that no amount is outstanding as the income was received.				
The correction of the error results in adjustments as follows:				
Statement of financial performance				
Decrease in other receivables from exchange contracts	-	(1,537,952)	-	(1,537,952)
Decrease in accumulated surplus	-	1,537,952	-	1,537,952
53.4 Prior period errors - Treasury Thaba Nchu Station site project unspent conditional grant				
Correction of the Treasury Thaba Nchu station site project grant which was incorrectly disclosed in the prior year				
The correction of the error results in adjustments as follows:				
Statement of financial performance				
Increase in unspent conditional government grants	-	(153,028)	-	(153,028)
Decrease in government grants and subsidies	-	153,028	-	153,028

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

53. Prior period errors (continued)

53.5 Prior period errors - Haiti Relief Fund

The Haiti Relief Fund was incorrectly excluded from the financial records of the entity in the prior year.

The correction of the error results in adjustments as follows:

Statement of financial position

Increase in cash and cash equivalents	-	3,780	-	3,780
Increase in payables from exchange transactions	-	(3,780)	-	(3,780)

Cash flow statement

Increase in cash flow from operating activities	-	3,780	-	3,780
Increase in cash and cash equivalents	-	(3,780)	-	(3,780)

53.6 Prior period errors - Primary bank account

The balance of the entity's primary account was incorrectly stated in the prior year due to incorrect preparation of the bank reconciliation.

The correction of the error results in adjustments as follows:

Statement of financial position

Increase in cash and cash equivalents	-	1,636,650	-	1,636,650
Increase in other receivables from exchange transactions	-	3,617	-	3,617
Increase in payables from exchange transactions	-	(1,640,267)	-	(1,640,267)

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

53. Prior period errors (continued)

53.7 Prior period errors - Non-current assets

Due to the reconstruction of the asset register, the following accounts have been restated.

The correction of the error results in adjustments as follows:

Statement of financial position

Decrease in community assets - Accumulated depreciation	-	71,694	-	71,694
Increase in infrastructure assets - Cost	-	343,034,981	-	343,034,981
Decrease in infrastructure assets - Accumulated depreciation	-	17,103,317	-	17,103,317
Decrease in land and buildings - Cost	-	(636,383,368)	-	(636,383,368)
Decrease in land and buildings - Accumulated depreciation	-	261,746,118	-	261,746,118
Decrease in leased assets - Cost	-	(287,504)	-	(287,504)
Decrease in leased assets - Accumulated depreciation	-	33,591	-	33,591
Decrease in other assets - Cost	-	(92,838,478)	-	(92,838,478)
Decrease in other assets - Accumulated depreciation	-	138,745,090	-	138,745,090
Increase in investment property	-	42,448,829	-	42,448,829
Increase in heritage assets - Cost	-	2,226,320	-	2,226,320
Decrease in heritage assets - Accumulated depreciation	-	1,190,608	-	1,190,608
Decrease in intangible assets - Cost	-	(6,575,927)	-	(6,575,927)
Decrease in intangible assets - Accumulated amortisation	-	13,021,252	-	13,021,252
Increase in revaluation reserve	-	(3,415,157)	-	(3,415,157)
Increase in accumulated surplus	-	(80,124,728)	-	(80,124,728)

Statement of financial performance

Increase in depreciation and amortisation	-	3,362	-	3,362
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53.8 Prior period errors - Urban Settlement Development unspent conditional grant

Reclassification of the Urban Settlement Development unspent conditional grant item which was incorrectly included under the payables from exchange transactions line item.

The correction of the error results in adjustments as follows:

Statement of financial position

Increase in unspent conditional grants	-	(916,014)	-	(916,014)
Decrease in payables from exchange transactions	-	916,014	-	916,014

Statement of financial performance

53.9 Prior period errors - Interest on Centlec Pty Ltd advances loan account

Interest on the Centlec Pty Ltd advances loan account was incorrectly calculated due to the wrong interest rate being used.

The correction of the error results in adjustments as follows:

Statement of financial position

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
53. Prior period errors (continued)				
Decrease in payables from exchange transactions	-	1,180,944	-	1,180,944
Statement of financial performance				
Increase in interest received	-	(1,180,944)	-	(1,180,944)

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

53. Prior period errors (continued)

53.10 Prior period errors - Bulk purchases

Bulk electricity purchases of Southern Free state Towns was incorrectly included in Centlec purchases.

The correction of the error results in adjustments as follows:

Statement of financial position

Decrease in trade and other receivables from exchange transactions	-	2,072,491	-	-
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Statement of financial performance

Increase in bulk purchases	-	(2,072,491)	-	-
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53.11 Prior period errors - Inventory

Inventory was incorrectly expensed.

Inventory was incorrectly written off in the prior year .

Inventory written off was incorrectly written back.

2008 Stock take adjustment accounted for in statement of financial position and not statement of financial performance.

2009 Stock take adjustment accounted for in statement of financial position and not statement of financial performance .

Inventory credit notes not captured on the general ledger.

The correction of the errors results in adjustments as follows:

Statement of financial position

Increase in Inventories	-	2,305,393	-	-
Decrease in payables from exchange transactions	-	350,135	-	-
Decrease in Revaluation reserve	-	3,836,463	-	-
Opening Accumulated Surplus or Deficit	-	(977,343)	-	-

Statement of financial performance

Decrease in inventory write off	-	(5,514,648)	-	-
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53.12 Prior period errors - Discounting of consumer receivables

Discounting of debtors per IFRS 7

The correction of the error results in adjustments as follows:

Statement of financial position

Decrease in trade and other receivables	-	(381,844)	-	-
Opening Accumulated Surplus or Deficit	-	334,420	-	-

Statement of financial performance

Decrease in Revenue	-	18,793,158	-	-
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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
53. Prior period errors (continued)				
Increase in Interest received	-	(18,745,735)	-	-
53.13 Prior period errors - Vendor commission				
Vendor commission of 2010 captured in 2011 and no accrual was raised in 2010.				
VAT on Vendor commission not claimed				
The correction of the error results in adjustments as follows:				
Statement of financial position				
Increase in payables from exchange transactions	-	(2,147,076)	-	-
Increase in VAT receivable	-	250,473	-	-
Statement of financial performance				
Increase in vendor commission	-	1,896,603	-	-
53.14 Prior period errors - Interest on bulk purchases				
Interest of 2010 captured in 2011 and no accrual was raised in 2010.				
The correction of the error results in adjustments as follows:				
Statement of financial position				
Increase in payables from exchange transactions	-	(712,691)	-	-
Statement of financial performance				
Increase in interest	-	712,691	-	-
53.15 Prior period errors - Operating lease				
Smoothing of operating lease payments per GRAP 13 resulted in operating lease expense incorrectly recorded in the prior year.				
FDC lease payments not accounted for				
The correction of the error results in adjustments as follows:				
Statement of financial position				
Increase in payables from exchange transactions	-	(154,612)	-	-
Statement of financial performance				
Increase in operating lease expense	-	154,612	-	-
53.16 Prior period errors - Leave pay				
The provision for leave pay was incorrectly calculated in the prior year.				
The correction of the error results in adjustments as follows:				
Statement of financial position				
Decrease in payables from exchange transactions	-	129,581	-	-

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

53. Prior period errors (continued)

Statement of financial performance

Decrease in leave pay expense	-	(129,581)	-	-
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53.17 Prior period errors - District council levies

Write off of district council levies which were not recoverable.

The correction of the error results in adjustments as follows:

Statement of financial position

Increase in payables from exchange transactions	-	(351,760)	-	-
Decrease in accumulated surplus	-	351,760	-	-

Statement of financial performance

53.18 Prior period errors - Allowance not recognised

VAT not accounted for as allowance was not recognised.

The correction of the error results in adjustments as follows:

Statement of financial position

Decrease in VAT receivable	-	(85,389)	-	-
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Statement of financial performance

Decrease in bulk purchases	-	(609,920)	-	-
Increase in penalties and interest	-	695,309	-	-

53.19 Prior period errors - Hire equipment

Lease payments incorrectly classified as insurance and into Hire equipment

The correction of the error results in adjustments as follows:

Statement of financial performance

Decrease in insurance	-	84,764	-	-
Increase in hire equipment	-	(84,764)	-	-

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

54. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of financial position

Decrease in investments	-	10,467	-	10,467
Increase in investments in controlled entities	-	100	-	100
Decrease in current portion of non-current receivables	-	167,387	-	167,387
Increase in non-current receivables	-	177,754	-	177,754
Increase in other receivables from exchange transactions	-	75,013	-	75,013
Decrease in payables from exchange transactions	-	75,013	-	75,013
Increase in cash and cash equivalents	-	110,570	-	110,570

Statement of financial performance

Increase in actuarial gain/(loss) on defined benefit obligation	-	11,425,000	-	11,425,000
Decrease in employee related costs	-	11,425,000	-	11,425,000
Increase in rental income	-	391,855	-	391,855
Increase in gain on non-current assets	-	3,931,995	-	3,931,995
Decrease in other income	-	4,323,850	-	4,323,850

55. Risk management

Financial risk management

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

The economic entity's monitors and manages the financial risks relating to the operations of the economic entity through internal risk reports which analyse exposures by degree and magnitude of risks. The entity has exposure to the following financial risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk and price risk).

The economic entity seeks to minimise the effects of these risks in accordance with the economic entity's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The economic entity does not enter into or trade in financial instruments for speculative purposes.

Credit risk

Credit risks consists mainly of cash deposits, cash equivalent and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any on counter-party.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

55. Risk management (continued)

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently related, 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.

Bank guarantees are obtained for prepaid electricity vendors when deemed appropriate.

Receivables are presented net of an allowance for impairment.

Financial assets which expose the economic entity to credit risk at year end were as follows:

Financial instrument	Economic entity - 2011	Economic entity - 2010	Controlling entity - 2011	Controlling entity - 2010
Cash and cash equivalents	246,465,537	47,212,179	231,675,533	46,885,251
Available-for-sale investments	11,868	10,467	11,868	10,467
Other loans	13,748,365	25,836,081	802,651,297	814,063,367
Consumer debtors	342,569,343	326,371,687	200,044,183	139,820,402
Trade and other receivables from exchange	108,990,750	82,365,461	84,875,979	79,287,827

These balances represent the maximum exposure to credit risk.

The entity is exposed to a number of guarantees for housing loans of employees. Refer to note 50 for additional details.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The entity's exposure to liquidity risk is a result of the funds available to cover future commitments. The entity manages liquidity risk through ongoing review of commitments.

The economic entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The entity has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

Impairment losses

Impairment losses - All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables and investments were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from consumers defaulting on service costs levied by the entity.

The table below analyses the economic entity'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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Economic entity

At 30 June 2011	Less than 1 year	Between 1 and 2 years
Other financial liabilities	2,184,181	20,162,975
Finance lease liability	1,287,310	1,909,252
Trade and other payables	580,680,143	-

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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

55. Risk management (continued)

At 30 June 2010			Less than 1 year	Between 1 and 2 years
Other financial liabilities			1,976,260	10,517,382
Finance lease liability			1,916,360	723,766
Trade and other payables			550,162,909	-

Controlling entity

At 30 June 2011			Less than 1 year	Between 1 and 2 years
Other financial liabilities			2,184,181	20,162,975
Finance lease liability			1,176,310	1,677,641
Trade and other payables			720,293,186	-

At 30 June 2010			Less than 1 year	Between 1 and 2 years
Other financial liabilities			1,976,260	10,517,382
Finance lease liability			1,729,914	644,038
Trade and other payables			678,579,329	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no change, since the previous financial year, to the economic entity's exposure to market risks or the manner in which it manages and measures the risk.

Market risk consists of the following risks:

Foreign currency risk

The entity does not enter into significant foreign currency transactions had has very limited exposure to foreign currency risk.

Interest rate risk

Interest rate risk 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. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below.

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

- Call and notice deposits
- Development Bank of South Africa loan

The economic entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the economic entity to fair value interest rate risk. Economic Entity policy is to make as far as possible use of fixed rate instruments. During 2011 and 2010, the economic entity's borrowings at variable rate were denominated in the Rand.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

55. Risk management (continued)

Entity price risk

The economic entity is exposed to equity securities price risk because of investments held by the economic entity and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The economic entity is not exposed to commodity price risk and are not allowed to invest in securities, as per the MFMA.

Economic entity

	Fair value		Impact on other components of net assets in Rand	
Financial instrument	2011	2010	2011	2010
OVK Limited	11,868	10,367	1,501	1,672

Controlling entity

	Fair value		Impact on other components of net assets in Rand	
Financial instrument	2011	2010	2011	2010
OVK Limited	11,868	10,367	1,501	1,672

56. Going concern and financial sustainability

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Although certain going concern ratios may appear unfavourable, the entity still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act of 2010.

57. Events after the reporting date

Subsequent to year end, a council meeting was held on 23 November 2011 and the following items were condoned:

Unauthorised expenditure

An amount of R 399,081,386 was condoned by the Council.

Fruitless and wasteful expenditure

An amount of R 4,127,701 was condoned by the Council.

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R
58. Unauthorised expenditure				
Reconciliation of unauthorised expenditure				
Opening balance	399,081,386	342,867,794	399,081,386	342,867,794
Unauthorised expenditure - current year	67,711,892	56,213,592	67,711,892	56,213,592
	466,793,278	399,081,386	466,793,278	399,081,386

Refer to Appendix E(1) and E(2) for more details.

Details of unauthorised expenditure

Incidents regarding 2007/2008

Disciplinary steps taken/criminal proceedings

Infrastructural services	Awaiting condonation	21,389,005	21,389,005
Miscellaneous services	Awaiting condonation	168,868,774	168,868,774
Office of the city manager	Awaiting condonation	965,000	965,000
Water	Awaiting condonation	31,393,789	31,393,789

Incidents regarding 2008/2009

Disciplinary steps taken/criminal proceedings

Unbudgeted infrastructure services	Awaiting condonation	12,592,777	12,592,777
Unbudgeted environmental management	Awaiting condonation	423,098	423,098
Unbudgeted expenditure	Awaiting condonation	107,235,351	107,235,351

Incidents regarding 2009/2010

Disciplinary steps taken/criminal proceedings

Fresh produce market	None	527,316	527,316
Miscellaneous services	None	48,014,018	48,014,018
Office of the city manager	None	791,620	791,620
Overspending on the finance directorate	None	6,880,638	6,881,000

Incidents regarding 2010/2011

Disciplinary steps taken/criminal proceedings

Fresh produce market	None	417,912	-
Miscellaneous services	None	29,774,764	-
Water - Operating	None	23,353,983	-
Water - Capital	None	14,165,233	-

59. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	22,006,511	2,796,522	9,227,590	2,796,522
Fruitless and wasteful expenditure - current year	40,953,136	19,209,989	11,836,142	6,431,068
	62,959,647	22,006,511	21,063,732	9,227,590

Details of fruitless and wasteful expenditure incidents 2008/09

Disciplinary steps taken / criminal proceedings

Penalties and interest paid on late payment of UIF for Councillors. The entity ceased payment of UIF for councillors according to a directive received from SALGA during 2003. During 2006/07 it was determined that UIF was payable to SARS, which resulted in penalties and interest on late payment of UIF.	This penalties and interest is not recoverable as no official of the entity is liable for the non-payment of the UIF contributions, an item was prepared for condonation.	41,490	41,490
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	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R
59. Fruitless and wasteful expenditure (continued)				
Interest paid on overdue accounts.		The interest could not be recovered, an item was prepared for condonation.	5,235	5,235
Excessive credit card expenditure of the Executive Mayor was incurred to pay for accommodation.		The money could not be recovered as there were weaknesses in the policies. A new business credit card policy has been drafted and is awaiting approval. An item was prepared for condonation.	2,010	2,010
Details of fruitless and wasteful expenditure incidents 2009/10				
Disciplinary steps taken / criminal proceedings				
Fruitless and wasteful expenditure incurred due to settlement of legal cost.		The legal cost could not be recovered, an item was prepared for condonation.	2,744,214	2,744,214
No support could be obtained that an official attended a meeting.		The matter is being investigated.	3,574	3,574
An advance payment was made to a supplier while it is unsure whether the site has been established.	None.		1,099,158	1,099,158
Interest paid on late payment as a result of payment kept back as penalties charged to a supplier for breach of contract. Court ordered the penalties not to be charged to the supplier. After the payment was made by the entity, the entity lodged an appeal.	None.		191,066	191,066
Expenditure incurred on fuel cards while the use of the fuel cards have been stopped.	None.		36,606	36,606
Differences on electricity expenses.		The matter was identified during the 2010 audit and need to be investigated.	1,077	1,077
Discrepancies regarding credit card expenditure.		The matter was identified during the 2010 audit and need to be investigated.	3,272	3,272
Penalties and interest paid on the late submission of a VAT return.		The result of the investigation from SARS is awaited.	5,099,888	5,099,888
Details of fruitless and wasteful expenditure incidents 2010/11				
Disciplinary steps taken / criminal proceedings				
The use of fuel cards have been stopped, the account was closed late and the monthly bank charges continued till the account was closed.	None.		34,849	-
Penalties and interest paid on the late submission of a VAT return.	None.		7,729,134	-
Penalties and interest paid on the late submission of PAYE, UIF and SDL.		A letter was written to SARS, requesting to waive the penalties and interest charged on late submission. The penalties were waived but not the interest.	171,147	-
Interest paid on overdue accounts.		The interest could not be recovered, an item was prepared for condonation.	81,043	-
Interest paid on overdue accounts.		The interest could not be recovered, an item was prepared for condonation.	1,378	-
Interest paid on overdue accounts.		The interest could not be recovered, an item was prepared for condonation.	3,708	-

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

59. Fruitless and wasteful expenditure (continued)

Payments to employees who were retrenched during the financial year.	None.		3,814,883	-
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Details of fruitless and wasteful expenditure incidents 2009/10 - Centlec Pty Ltd

Interest paid on overdue Eskom accounts.	None.		-	7,271,180
Termination charges paid to a supplier.	None.		-	4,353,231
Penalties and interest paid on the late submission of a VAT return.	None.		-	1,063,789
Soccer world cup ticket expenditure	None.		-	89,775
Travel and subsistence expenditure paid in contravention with the policy.	None.		-	796
Penalties and interest paid on the late submission of the annual return to Cipro.	None.		-	150

Details of fruitless and wasteful expenditure incidents 2010/11 - Centlec Pty Ltd

Penalties and interest paid on the late submission of a VAT return.	None.		1,362,676	-
Interest paid on overdue accounts - Eskom.	The interest could not be recovered, an item was prepared for condonation.		27,624,929	-
Interest paid on overdue accounts - AGSA.	The interest could not be recovered, an item was prepared for condonation.		29,996	-
Suite tickets at Vodacom Park - Macufe.	None.		5,130	-
Use of a suite at Vodacom Park.	None.		94,263	-

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
60. Irregular expenditure				
Opening balance	143,255,885	40,777,973	98,785,349	40,777,973
Irregular expenditure - current year	148,765,509	102,477,912	108,427,595	58,007,376
	292,021,394	143,255,885	207,212,944	98,785,349
Analysis of expenditure awaiting condonation per age classification				
Current year	148,765,509	102,477,912	108,427,595	58,007,376
Prior years	143,255,885	40,777,973	98,785,349	40,777,973
	292,021,394	143,255,885	207,212,944	98,785,349
Details of irregular expenditure – current year				
	Disciplinary steps taken/criminal proceedings			
Expenditure items identified were the supply chain process was not followed	The expenditure was identified during the current financial year and still needs to be investigated.			43,112,474
Expenditure items identified were the tender process was not followed	The expenditure was identified during the current financial year and still needs to be investigated.			65,315,121
				108,427,595
Details of irregular expenditure – current year - Centlec Pty Ltd				
	Disciplinary steps taken/criminal proceedings			
Expenditure items identified were the supply chain process was not followed	The expenditure was identified during the current financial year and still needs to be investigated.			40,337,914

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	Economic entity		Controlling entity	
	2011 R	2010 R	2011 R	2010 R
61. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to organised local government				
Current year subscription / fee	3,683,225	3,321,301	3,683,225	3,321,301
Amount paid - current year	(3,683,225)	(3,321,301)	(3,683,225)	(3,321,301)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions to organised local government consist out of annual subscriptions paid to SALGA.				
Material losses through criminal conduct				
There were no material losses through criminal conduct for the current and prior financial year.				
Audit fees				
Opening balance	477,336	336,705	477,336	336,705
Amount paid current year	(12,478,408)	(12,689,493)	(8,097,151)	(7,635,217)
Amount paid previous years	(477,336)	-	(477,336)	-
Current year performance audit fee	-	652,538	-	652,538
Current year regularity audit fees	12,844,220	7,081,553	8,462,963	2,027,277
Prior year regularity audit fees	-	5,096,033	-	5,096,033
	<u>365,812</u>	<u>477,336</u>	<u>365,812</u>	<u>477,336</u>
PAYE, UIF and SDL				
Opening balance	-	5,981,697	-	5,981,697
Payable for the current year	103,665,984	90,264,163	103,392,984	89,111,163
Amount paid current year	(102,026,036)	(90,264,163)	(101,753,036)	(89,111,163)
Amount paid previous years	-	(5,981,697)	-	(5,981,697)
	<u>1,639,948</u>	<u>-</u>	<u>1,639,948</u>	<u>-</u>

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

61. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and medical aid deductions

Opening balance	-	249,547	-	249,547
Current year payroll deductions	108,182,830	139,900,484	108,130,830	139,861,484
Amount paid current year	(108,182,830)	(139,900,484)	(108,130,830)	(139,861,484)
Restatement	-	(249,547)	-	(249,547)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Bulk electricity and water losses

Managements best estimated value of material electricity and water losses during the year under review were as follows:

	2011 Loss (%)	2010 Loss (%)	2011 Loss (R)	2010 Loss (R)
Electricity losses	7.40	8.06	130,533,189	140,595,651
	1	Kilo litre	Cost per kilo litre	Total loss in Rand
Unaccounted water		29,061,300	3.93	114,210,909

These losses are not recoverable.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Britz JF	1,327	-	1,327
Choene K	2,199	243	2,442
Erasmus JC	788	-	788
July LR	776	249	1,025
Lazenby JAA	213	-	213
Lekgela LE	1,352	53,342	54,694
Lephoi MJ	156	-	156
Manyoni TM	4,325	-	4,325
Maphakisa LE	578	10,175	10,753
Mashoane ED	-	114,540	114,540
Matsemeleala MV	10,223	825	11,048
Matsoetlane MJ	385	1,715	2,100
Minnie H	139	174	313
Monanyane MB	15,023	17,138	32,161
Monnakgori SA	400	-	400
Mpakathe TS	33	-	33
Mpheqeka MS	1,515	32,366	33,881
Mtshwane KJ	432	1,677	2,109
Naile TJ	46	443	489
Ndamane SS	1,810	4,144	5,954
Northnage I J	-	1,110	1,110
Powell JD	1,231	-	1,231
Sechoaro CSK	1,905	-	1,905
Setlaba ME	-	299	299
Snyman van Deventer E	1,535	-	1,535
Titi LM	2,474	8,998	11,472
Van der Merwe R	712	-	712

Mangaung Metropolitan Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

61. Additional disclosure in terms of Municipal Finance Management Act (continued)

Van der Westhuizen PM	371	-	371
Ward BC	2,031	9,741	11,772
	51,979	257,179	309,158

30 June 2010	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Dithebe GC	26	21	47
Human WF	9,962	18,822	28,784
Khi ZT	50	16	66
Lubbe DG	940	993	1,933
Makoa BM	4,367	101,578	105,945
Matsoentlane MJ	230	134	364
Mbange MB	1,588	3,252	4,840
Mokotjo NG	2,457	9,070	11,527
Moletsane SG	3,720	9,810	13,530
Mtshiwane KJ	507	191	698
Nthako TS	13	10	23
Nzapheza FB	376	261	637
Ramokotjo FP	577	21,227	21,804
Saohatse GK	564	557	1,121
Tsomela MM	334	453	787
Van der Merwe R	-	535	535
	25,711	166,930	192,641

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2011				Highest outstanding amount
Mangcotywa ZE	-	-	-	2,223
Siyonzana MA	-	-	-	8,264
	-	-	-	10,487

30 June 2010				Highest outstanding amount
Erasmus JC	-	-	-	820
Choene SKM	-	-	-	1,441
Morule FK	-	-	-	23,562
Nakedi SS	-	-	-	2,602
Siyonzana MA	-	-	-	10,873
	-	-	-	39,298

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Annual Financial Statements for the year ended 30 June 2011

	Economic entity		Controlling entity	
	2011	2010	2011	2010
	R	R	R	R

61. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council.

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

For the financial year there were instances where goods and services were procured and deviated from the normal supply management policy.

The reasons for these deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal Supply Chain Management Regulations.

Incident	2011	Number of deviations	2010	Number of deviations
Emergency	79,542	4	29,101	2
Sole supplier	93,746	5	1,260,743	6
Urgent	2,699,051	13	79,914,126	103
	2,872,339	22	81,203,970	111

62. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

63. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

64. Non-compliance with the MFMA

During the current financial year the following non-compliance issues were identified:

Supply chain management regulations 12(1)(c), 17(1)(a) - (c)

Goods and services of a transaction value between R10,000 and R200,000 were procured without inviting at least three written price quotations from accredited prospective providers and the deviation was not approved by the CFO or his/her delegate.

Supply chain management regulations 36(1)

Goods and services with a transaction value above R200,000 were not procured by means of a competitive bidding process and the deviation was not approved by the accounting officer or his/her delegate in accordance with the supply chain management policy.

Deviations from competitive bidding were approved on the basis of it being an emergency, even though immediate action was not necessary and sufficient time was available to follow a bidding process.

Deviations from competitive bidding were approved on the basis of it being an emergency, even though proper planning would have prevented such emergency.

Municipal Finance Management Act section 2(1)(f)

Contracts were awarded without justification to bidders who did not score the highest points.

Municipal Finance Management Act section 116(2)(b)

The performance of all contractors were not monitored on a monthly basis.

Municipal Finance Management Act section 116(3)(a)

Contracts were amended or extended without tabling the reasons to the council and/or notifying the public.

MANGAUNG METROPOLITAN MUNICIPALITY CONSOLIDATED

APPENDIX A - (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

	Loan number	Redeemable date	Balance at 01 July 2010	Amount received during the period	Amount redeemed/written off during the period	Balance at 30 June 2011	Carrying value of Property, plant and equipment
			R	R	R	R	R
Annuity loans							
DBSA @ 14%	1864	30 September 2011	345,290	-	222,332	122,958	907,989
DBSA @ 10%	8001	31 December 2015	12,148,352	-	1,753,928	10,394,424	11,615,849
DBSA @ 6.75%	FS1034	31 March 2026	-	11,829,774	-	11,829,774	11,220,000
Total annuity loans			12,493,642	11,829,774	1,976,260	22,347,156	23,743,838
Total external loans			12,493,642	11,829,774	1,976,260	22,347,156	23,743,838

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

	Loan number	Redeemable date	Balance at 01 July 2009	Amount received during the period	Amount redeemed/written off during the period	Balance at 30 June 2010	Carrying value of Property, plant and equipment
			R	R	R	R	R
Annuity loans							
DBSA @ 14%	1864	30 September 2011	539,483	-	194,193	345,290	952,102
DBSA @ 10%	8001	31 December 2015	13,739,217	-	1,590,865	12,148,352	12,804,404
Total annuity loans			14,278,700	-	1,785,058	12,493,642	13,756,506
Total external loans			14,278,700	-	1,785,058	12,493,642	13,756,506

MANGAUNG METRO MUNICIPALITY CONSOLIDATED

APPENDIX B - (AUDITED)

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2011

	Cost/ Revaluation						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals		Closing Balance
Land and Buildings													
Land	876,389,945	-	-	-	-	-	876,389,945	-	2,285,594	-	-	2,285,594	874,104,351
Buildings	177,453,344	-	-	-	-	-	177,453,344	4,381,305	2,190,652	-	-	6,571,957	170,881,386
Investment Property	42,448,829	-	-	-	-	-	42,448,829	-	-	-	-	-	42,448,829
	1,096,292,117	-	-	-	-	-	1,096,292,117	4,381,305	4,476,246	-	-	8,857,551	1,087,434,566
Infrastructure													
Roads & Storm water	1,166,235,136	64,440,636	-	-	66,555,460	-	1,297,231,232	370,342,599	67,361,200	-	-	437,703,799	859,527,433
Street Lights	26,631,046	-	-	-	-	-	26,631,046	3,071,912	1,064,188	-	-	4,136,101	22,494,946
Traffic Light	14,105,234	-	-	-	-	-	14,105,234	4,840,409	780,187	-	-	5,620,595	8,484,639
Railway Sidings	1,962,991	-	-	-	-	-	1,962,991	1,169,775	57,332	-	-	1,227,107	735,884
Sewerage Purification	76,702,058	4,314,491	-	-	2,702,285	-	83,718,834	35,749,818	3,778,653	-	-	39,528,471	44,190,362
Sewerage Mains	828,155,675	63,261,439	-	-	-	-	891,417,114	187,945,783	35,695,169	-	-	223,640,952	667,776,163
Water Purification	10,492,785	-	-	-	-	-	10,492,785	2,625,810	761,653	-	-	3,387,463	7,105,322
Water Mains	554,311,194	2,634,086	-	-	19,318,496	-	576,263,776	343,219,974	14,853,277	-	-	358,073,251	218,190,524
Electricity Mains	443,656	-	-	-	-	-	443,656	97,901	18,844	-	-	116,745	326,911
	2,679,039,776	134,650,652	-	-	88,576,240	-	2,902,266,667	949,063,980	124,370,504	-	-	1,073,434,484	1,828,832,183
Community Assets													
Parks & Gardens	26,593,397	-	-	-	-	-	26,593,397	11,054,149	904,888	-	-	11,959,037	14,634,360
	26,593,397	-	-	-	-	-	26,593,397	11,054,149	904,888	-	-	11,959,037	14,634,360
Heritage Assets													
Biological Assets	3,403,278	-	-	2,184,792	-	-	5,588,070	-	-	-	-	-	5,588,070
Fire Arms	13,650	-	-	-	-	-	13,650	-	-	-	-	-	13,650
	3,416,928	-	-	2,184,792	-	-	5,601,720	-	-	-	-	-	5,601,720
Intangible Assets													
Intangible Assets	10,852,544	4,131,662	-	-	-	-	14,984,206	1,598,924	361,751	-	-	1,960,676	13,023,530
	10,852,544	4,131,662	-	-	-	-	14,984,206	1,598,924	361,751	-	-	1,960,676	13,023,530
Plant and machinery													
Plant and machinery	1,225,642,549	39,865,935	-	-	-	-2,656,250	1,262,852,234	-1,889,218	141,754,312	-	-	139,865,094	1,122,987,141
	1,225,642,549	39,865,935	-	-	-	-2,656,250	1,262,852,234	-1,889,218	141,754,312	-	-	139,865,094	1,122,987,141
Other Assets													
Site Development	117,093,920	5,562,511	-	-	1,303,804	-	123,960,235	31,694,241	3,538,334	-	-	35,232,575	88,727,659
Furniture & Office Equipment	10,337,079	3,092,762	-	-	-	-	13,429,841	549,564	1,299,151	-	-	1,848,715	11,581,127
Fire Arms	601,503	-	-	-	-	-1,772	599,732	228,265	14,993	-	-621	242,637	357,095
Tools, Plant & Equipment	42,671,304	289,440	-	-	-	-	42,960,744	31,863,916	2,144,818	-	-	34,008,735	8,952,009
Emergency Equipment	-	-	-	-	-	-	-	39,823,320	6,060,464	-	-2,714,152	43,169,631	-43,169,631
Motor Vehicles	174,969,698	1,831,480	-	-	-	-7,187,366	169,613,811	-	-	-	-	-	169,613,811
	345,673,504	10,776,192	-	-	1,303,804	-7,189,138	350,564,363	104,159,305	13,057,761	-	-2,714,773	114,502,293	236,062,070
Lease assets													
Furniture & Office Equipment	8,008,462	1,829,032	-	-	-	-	9,837,494	6,103,062	2,877,620	-	-	8,980,682	856,812
	8,008,462	1,829,032	-	-	-	-	9,837,494	6,103,062	2,877,620	-	-	8,980,682	856,812
	4,169,876,727	151,387,539	-	2,184,792	89,880,044	-7,189,138	4,406,139,964	-1,076,360,727	146,048,770	-	-2,714,773	1,219,694,724	3,186,445,241

MANGAUNG METROPOLITAN MUNICIPALITY CONSOLIDATED

APPENDIX C - (UNAUDITED)

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

Statutory Name	Cost Price							Accumulated Depreciation					I-chain Register	Carrying Amount
	Opening Balance	Additions	Revaluation	Additions WIP	Disposals	Closing Balance	I-chain Register	Opening Balance	Depreciation	Disposal	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R	
Office of the City Manager	40,750,559	3,295,783	-	-	-1,257,079	42,789,262	1,471,130	8,160,639	2,505,193	-268,207	10,397,624	930,542	32,391,638	
Corporate Services	10,960,198	3,481,043	-	-	-	14,441,241	1,155,029	1,461,094	414,706	-	1,875,800	676,179	12,565,441	
Finance	2,550,856	347,429	-	-	-350,691	2,547,594	2,870,946	875,484	121,470	-90,642	906,313	1,376,841	1,641,282	
Community and Social Development	1,154,587,850	7,184,795	2,184,792	199,662	-2,058,120	1,162,098,979	8,021,735	62,600,324	10,339,376	-899,801	72,039,900	4,246,541	1,090,059,079	
Economic Development and Planning	9,102,340	-	-	-	-	9,102,340	936,894,881	975,887	307,935	-	1,283,821	417,644,267	7,818,519	
Infrastructural Services	978,507,359	38,396,098	-	66,355,798	-2,240,054	1,081,019,202	10,838,437	386,417,067	56,285,439	-979,937	441,722,570	2,183,210	639,296,632	
Miscellaneous Services	315,664,994	27,208,768	-	-	-950,686	341,923,077	104,710,049	23,104,108	16,059,166	-329,840	38,833,433	48,411,258	303,089,644	
Housing	82,461,390	473,013	-	1,303,804	-191,660	84,046,546	11,896,979	7,053,862	1,139,592	-70,199	8,123,255	2,887,473	75,923,291	
Fresh Produce Market	3,962,241	65,522	-	-	-	4,027,763	89,059	2,845,369	254,093	-	3,099,462	46,172	928,300	
Water	1,500,832,851	70,608,664	-	22,020,780	-721,412	1,592,740,883	38,245,299	582,319,863	56,298,179	-238,376	638,379,666	1,395,980	954,361,217	
Electricity	1,239,420,339	28,871,559	-2,184,792	-	5,113,451	1,271,086,362	-	-2,941,113	144,331,177	-	140,803,102	-	1,130,283,259	
	5,338,800,976	179,932,674	-	89,880,044	-2,656,250	5,605,823,249	1,116,193,544	1,072,872,583	288,056,327	-2,877,002	1,357,464,946	479,798,463	4,248,358,303	

MANGAUNG METROPOLITAN MUNICIPALITY

APPENDIX D - (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
345,558,438		345,558,438	Property Rates	549,095,798		549,095,798
17,996,350	135,962,693	(117,966,343)	Office of the City Manager	22,352,232	170,803,670	(148,451,438)
1,668,562	73,556,922	(71,888,360)	Corporate Services	4,673,933	73,527,772	(68,853,839)
38,592,142	96,781,564	(58,189,422)	Finance	52,202,083	88,266,777	(36,064,694)
12,408,943	216,151,510	(203,742,567)	Community and Social Development	20,482,634	221,212,633	(200,729,999)
12,640,846	50,719,608	(38,078,762)	Economic Development and Planning	12,426,611	51,734,829	(39,308,218)
300,696,272	405,931,471	(105,235,199)	Infrastructural Services	341,759,830	426,574,773	(84,814,943)
804,299,733	344,239,412	460,060,321	Miscellaneous Services	656,414,886	370,175,927	286,238,959
5,414,485	26,883,937	(21,469,452)	Housing	4,740,257	25,733,101	(20,992,844)
16,071,532	13,150,022	2,921,510	Fresh Produce Market	16,804,280	14,024,725	2,779,555
404,514,626	307,971,067	96,543,559	Water	541,421,338	363,985,505	177,435,833
1,959,861,929	1,671,348,206	288,513,723	Total	2,222,373,882	1,806,039,712	416,334,170

MANGAUNG METROPOLITAN MUNICIPALITY CONSOLIDATED

APPENDIX E (1) - (AUDITED)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %
Revenue				
Property rates	396,843,392	394,830,187	2,013,205	1
Service charges	1,688,055,810	1,774,286,907	(86,231,097)	(5)
Rental of facilities and equipment	34,858,426	18,227,493	16,630,933	91
Interest earned - external investments	10,643,763	52,046,245	(41,402,482)	(80)
Interest earned - outstanding debtors	45,093,388	27,642,431	17,450,957	63
Interest on shareholders loan	-	99,484,963	(99,484,963)	(100)
Fines	1,642,301	5,384,845	(3,742,544)	(70)
Licenses and permits	203,192	752,578	(549,386)	(73)
Income for agency services	-	134,547,870	(134,547,870)	(100)
Government grants and subsidies	888,845,901	1,100,072,001	(211,226,100)	(19)
Other income	86,781,935	126,399,777	(39,617,842)	(31)
Public contributions and donations	-	20,883,734	(20,883,734)	(100)
Gains on disposal of property, plant and equipment	116,620	36,135	80,485	
Total Revenue	3,153,084,728	3,754,595,166	(601,510,438)	(16)
Expenditure				
Office of the City Manager	170,803,670	196,467,491	(25,663,821)	(13)
Corporate Services	66,097,130	82,305,467	(16,208,337)	(20)
Finance	94,633,152	99,878,109	(5,244,957)	(5)
Community and Social Development	218,116,969	244,672,313	(26,555,344)	(11)
Economic Development and Planning	51,536,599	68,917,128	(17,380,529)	(25)
Infrastructural Services	360,955,408	441,244,749	(80,289,341)	(18)
Miscellaneous Services	560,320,006	340,401,163	219,918,843	65
Housing	24,967,064	28,126,400	(3,159,336)	(11)
Fresh Produce Market	11,073,397	13,606,813	(2,533,416)	(19)
Water	348,129,196	340,631,522	7,497,674	2
Electricity	945,771,899	1,224,696,225	(278,924,326)	(23)
Total Expenditure	2,852,404,490	3,080,947,380	(228,542,890)	(7)
Net surplus/(deficit) for the year	300,680,238	673,647,786	(372,967,548)	55

MANGAUNG METROPOLITAN MUNICIPALITY CONSOLIDATED

APPENDIX E (2) - (AUDITED)

ACTUAL EXPENDITURE VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual	2011 Under construction	2011 Total additions	2011 Budget	2011 Variance	2011 Variance
	R	R	R	R	R	%
Office of the City Manager	530,549	-	530,549	1,130,000	599,451	53%
Corporate services	-	-	-	-	-	
Finance	4,596,529	-	4,596,529	6,000,000	1,403,471	23%
Community and Social Development	2,941,432	3,254,023	6,195,454	29,824,695	23,629,241	79%
Economic Development and Planning	1,427,014	127,669	1,554,683	11,503,478	9,948,795	86%
Infrastructural Services	147,457,757	230,615,794	378,073,551	599,246,657	221,173,106	37%
Miscellaneous Services	-	-	-	-	-	
Housing	3,962,274	1,303,804	5,266,078	9,167,537	3,901,459	43%
Fresh Produce Market	-	-	-	-	-	
Water	3,032,733	19,318,496	22,351,229	8,185,996	-14,165,233	-173%
Electricity	40,166,802	-	40,166,802	124,791,506	84,624,704	68%
TOTAL	204,115,090	254,619,785	458,734,875	789,849,869	331,114,994	

MANGAUNG METROPOLITAN MUNICIPALITY CONSOLIDATED

APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERM OF SECTION 123 OF MFMA, 56 OF 2003

Name of grant	Name of organ of state or municipal entity	Quarterly receipts				Quarterly expenditure				Delayed/withheld	Reasons	Compliance with conditions	Reasons for non-compliance
		Sep 10	Dec 10	Mar 11	Jun 11	Sep 10	Dec 10	Mar 11	Jun 11				
Equitable Share	National Government	205,947,002	164,757,601	123,568,000	-	112,694,790	115,880,465	112,135,258	153,562,090	No	N/A	Yes	N/A
Public Transport Infra & System Grant	National Government	-	-	151,000,000	-	36,865,097	54,090,216	40,851,647	40,198,370	No	N/A	Yes	N/A
DWAF Grant	National Government	-	-	-	-	-	-	-	2,022,610	No	N/A	Yes	N/A
DWAF Grant Selosesha Sewerage	National Government	-	-	-	-	-	-	-	3,212	No	N/A	Yes	N/A
Mig Grant -Infrastructural Services	National Government	104,970,000	53,316,000	11,443,000	-	14,277,665	39,703,297	32,742,519	58,379,128	No	N/A	Yes	N/A
Mig Grant Capacity Building	National Government	-	-	-	-	-	398,568	80	-	No	N/A	Yes	N/A
Restructuring Grant	National Government	-	-	-	-	-	-	47,520	76,166	No	N/A	Yes	N/A
Financial Management Grant	National Government	1,189,000	-	-	-	221,430	35,000	-	981,664	No	N/A	Yes	N/A
Municipal System Improvement Grant	National Government	750,000	-	-	-	1,631	108,408	606,208	718,898	No	N/A	Yes	N/A
National Electrification Program Grant	National Government	3,229,825	6,343,860	1,829,825	-	276,754	1,368,840	4,513,553	4,881,814	No	N/A	Yes	N/A
Housing Accreditation Subsidy	Provincial Government	-	-	-	-	-	55	-	-	No	N/A	Yes	N/A
2010 World Cup Host City Operating Grant	National Government	-	-	-	-	12,816,177	6,183,823	-	-	No	N/A	Yes	N/A
2010 Stadia Provincial Grant	Provincial Government	-	-	-	-	2,700,625	2,945,352	2,597,451	536,543	No	N/A	Yes	N/A
Provincial Grant Land Use Scheme	Provincial Government	-	-	-	-	-	233,110	-	515,576	No	N/A	Yes	N/A
Provincial Grant Planning and Surveying	Provincial Government	-	-	-	-	57,890	-	(104)	23,280	No	N/A	Yes	N/A
Local Government & Housing Grant White City	Provincial Government	-	-	-	-	1,097,801	-	-	75,081	No	N/A	Yes	N/A
Motheo Contr- Environmental Health	District Municipality	-	-	-	6,000,000	2,293,578	2,288,044	2,150,611	2,373,925	No	N/A	Yes	N/A
Motheo Contr- Tourism	District Municipality	-	100,000	-	-	-	89,250	-	-	No	N/A	Yes	N/A
Motheo Contr- Upgrading Roads	District Municipality	-	596,850	662,402	-	-	-	-	-	No	N/A	Yes	N/A
Electricity Demand Side Management Grant	National Government	-	4,035,088	350,877	-	2,628,750	-	-	1,833,173	No	N/A	Yes	N/A
Provincial Grant -Urban Renewal	Provincial Government	-	-	-	-	-	-	288,326	-	No	N/A	Yes	N/A
Provincial Grant CCTV For BFN CBD Stadium Navil Hill	Provincial Government	-	-	-	-	-	-	-	-	No	N/A	Yes	N/A
Provincial Grant Upgrading Roads in Batho	Provincial Government	2,334,550	-	30,000,000	-	2,055,274	278,520	-	3,577,388	No	N/A	Yes	N/A
Provincial Grant Upgrading Housing Batho	Provincial Government	-	-	-	-	95,096	239,028	-	-	No	N/A	Yes	N/A
Provincial Grant Township Establishment Caleb Motshabi	Provincial Government	-	-	-	-	576,709	241,895	377,948	-	No	N/A	Yes	N/A
Provincial Grant - Du Plessis /Muller Intersection	Provincial Government	-	-	-	-	-	-	-	24,093	No	N/A	Yes	N/A
Provincial Grant Hlasela Proj - Lehlohonolo Music Group	Provincial Government	-	-	-	-	7,200	-	-	-	No	N/A	Yes	N/A
Urban Settlement Development Grant	National Government	5,589,040	-	-	-	-	-	-	-	No	N/A	Yes	N/A
		324,009,417	229,149,398	318,854,104	6,000,000	188,666,469	224,083,870	196,311,017	269,783,011				