Kouga Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

MAYORAL COMMITTEE

Executive Mayor	Clr. B Koerat
Tourism and Creative Industry	Clr. Camelio-Benjamin
Infrastructure Development	Clr. P Kota
Local Economic Development	Clr. P Oliphant
Finance Admin, Monitoring and Evaluation	Clr. V Stuurman
	Clr. T Maseti

AUDITORS
Auditor-General
Chartered Accountants (S.A.)
Registered Auditors

BANKERS
First National Bank
Private Bag X5
JEFFREYS BAY
6330

REGISTERED OFFICE
33 Da Gama Road
Jeffreys Bay
6330

POSTAL ADDRESS
PO Box 21
JEFFREYS BAY
6330

CONTACT NUMBERS :
Tel : 042-200 2201
Fax : 042 - 293 4204

WEBSITE : www.kouga.gov.za

E-MAIL : registry@ec108.org.za

ACCOUNTING OFFICER Mr. J.M.Ngcayisa (Acting)

CHIEF FINANCE OFFICER (CFO) Ms. C.Burger (Acting)

LEGAL FORM OF ENTITY Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa

GRADING OF LOCAL AUTHORITY Grade 8

General Information

JURISDICTION

Greater Kouga Area which includes :
Cape St Francis
Hankey
Humansdorp
Jeffreys Bay
Loerie
Oyster Bay
Patensie
St Francis Bay
Thornhill

MEMBERS OF COUNCIL

Ward 1	Z. Mayoni
Ward 2	E. Hill
Ward 3	H. Thiart
Ward 4	F. Campher
Ward 5	E. Groep
Ward 6	P. Oliphant
Ward 7	B. Koliti
Ward 8	D. Aldendorff
Ward 9	L. Ntshiza
Ward 10	P. Kota
Ward 11	M. Ungerer
Ward 12	B. Rheeder
Ward 13	V. Matodlana
Ward 14	T. Meleni
Ward 15	E. Mahlathini
Proportional	Z. Blouw
Proportional	V. Camelio-Benjamin
Proportional	M Dlomo
Proportional	T. Maseti
Proportional	B. Koerat
Proportional	V. Stuurman
Proportional	C. Njela
Proportional	C. Cawood
Proportional	N. Botha
Proportional	J. Joy
Proportional	D. Benson
Proportional	M. Speelman
Proportional	B. Williams
Proportional	F. Baxter

OTHER INFORMATION

KOUGA MUNICIPALITY
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Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

ABBREVIATIONS

DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
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)
MM	Municipal Manager
CFO	Chief Financial Officer
AO	Accounting Officer

Municipal Manager's Approval of the Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 86 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

ACCOUNTING OFFICER

MUNICIPAL MANAGER

31 August 2011

Chief Financial Officer's Report

1. INTRODUCTION

It gives me great pleasure to present the annual financial statements of Kouga Local Municipality for the fiscal year ended 30 June 2011.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

These annual financial statements are a presentation of the accounting activities of the Kouga Local Municipality for the financial year as indicated.

The following indicators are self-explanatory.

INDICATOR		Kouga Local Municipality 2011	2010
Surplus / (Deficit) before Appropriations	-	(11 837 649)	47 409 311
Surplus / (Deficit) at the end of the Year	-	!01 971 288	!13 808 937
Expenditure Categories as a percentage of Total Expenses:			
Employee Related Costs	0,00 %	40,05 %	37,50 %
Remuneration of Councillors	0,00 %	1,39 %	1,79 %
Bad debts	0,00 %	7,84 %	2,94 %
Collection costs	0,00 %	0,00 %	0,03 %
Contracted services	0,00 %	0,05 %	0,20 %
Impairment losses - Property, plant and equipment	0,00 %	0,01 %	0,06 %
Repairs and maintenance	0,00 %	6,14 %	7,00 %
Interest paid	0,00 %	3,40 %	5,29 %
Bulk purchases	0,00 %	22,73 %	21,21 %
Grant and subsidies paid	0,00 %	3,12 %	4,75 %
General expenses	0,00 %	15,27 %	19,23 %
Current Ratio:			
- Creditors days	-	92	71
- Debtors days	-	96	64

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of variances of more than 10% from budget, are included in Appendix "E (1)".

The overall operating results for the year ended 30 June 2010 are as follows:

DETAIL	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual / budgeted %
Income:	-	-	-	-	-
Opening surplus / (deficit)	13 808 937	66 399 626	28,49	-	-
Operating income for the year	45 258 356	59 716 657	-4,02	28 242 840	9,59
	-	-	-	-	-
	59 067 293	26 116 283	6,26	28 242 840	-
Expenditure:	-	-	-	-	-
Operating expenditure for the year	384	12 307 347	23,19	22 316 183	-3,11
Sundry transfers	-	-	-100,00	-	-
Closing surplus / (deficit)	01 971 288	13 808 937	-5,54	5 926 657	-
	01 971 672	26 116 284	6,26	28 242 840	-

Under normal circumstances the above figures would be broken down into the various classified segments of General, Economic and Trading Services. However, because the provision created for retirement liabilities has not yet been split across those sectors fully, any segmental reporting would have to be estimated in terms of expenditure. This is an issue that needs to be addressed in the forthcoming financial year by the actuaries.

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 57,634.822 (2009/10: R 105 447 842), and in percentage terms amounts to 100% of budget. Full details of Property, Plant and Equipment are disclosed in note number 10 and appendices "B, C and E (2)" to the Annual Financial Statements.

Chief Financial Officer's Report

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating budget:

DETAILS	2011	2010
Variance per Category:		
Budgeted surplus before appropriations	5 926 657	-
Revenue variances	44 645 617	34 960 907
Expenditure variances:		
Employee related costs	(21 794 791)	(7 571 460)
Remuneration of councillors	1 134 756	(1 375 548)
Bad debts	(30 174 980)	(2 336 759)
Collection costs	(58 225)	(44 631)
Contracted services	25 003	(43 769)
Depreciation and amortization	-	12 285 730
Impairment losses - Property, plant and equipment	(27 223)	(178 396)
Repairs and maintenance	5 610 564	959 711
Interest paid	(4 930 284)	(4 405 429)
Bulk purchases	(6 600 735)	878 446
Grants and subsidies paid	(5 314 393)	(755 307)
General expenses	(279 616)	(7 459 433)
Budgeted expenditure on non-GRAP compliant items	-	22 495 250
Actual surplus before appropriations	(11 837 650)	47 409 312

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital budget:

	Actual 2010/2011 R	Budgeted 2010/2011 R	Variance actual / budgeted R
Executive and council	-	-	-
Finance and administration	-	-	-
Planning and development	-	-	-
Health	-	-	-
Community and social services	-	-	-
Housing	-	-	-
Public safety	-	-	-
Sport and recreation	-	-	-
Enviromental protection	-	-	-
Waste management	-	-	-
Waste water management	-	-	-
Road and transport	-	-	-
Water	-	-	-

Electricity	-	-	-
Other	-	-	-
	-	-	-

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with an explanation of variances of more than 5% from budget, are included in Appendix "E (2)".

6. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2011 was R 94 656 688 (30 June 2010: R89 509 713).

Refer to Note number 12 and Appendix "A" for more detail.

7. NON-CURRENT PROVISIONS

Non-current provisions amounted are made up as follows:		Kouga Local Municipality 2011 R	2010 R
Provision for Post Retirement Benefits			
Post-Employment Health Care Benefit Liability	-	33 520 851	30 345 000
Ex-Gratia Pension Benefit Liability	-	268 724	299 724
Provision for Rehabilitation of Land-fill Sites	-	7 761 367	6 968 371
Provision for Long Service Awards	-	4 404 672	3 322 662
Provision for Enviromental Clean-ups	-	-	965 208
	-	45 955 614	41 900 965

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note number 14 for more detail.

8. CURRENT LIABILITIES

Current liabilities are made up as follows:		Group 2011 R	Kouga Local Municipality 2011 R	2010 R
Consumer deposits	Note number 18	-	7 035 217	6 314 570
Provisions	Note number 14	-	12 670 362	10 976 759
Creditors	Note number 16	-	44 730 503	31 867 061

Chief Financial Officer's Report

Unspent conditional grants and receipts	Note number 13 & 22	-	56 846 889	24 777 791
Operating lease liability	Note number 6	-	36 197	36 197
Bank overdraft	Note number 11	-	19 253 820	4 541 637
Current portion of long-term liabilities	Note number 12	-	18 021 580	7 396 058
		-	58 594 568	85 910 073

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated note numbers for more detail.

Chief Financial Officer's Report

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment amounted to R 373 598 795 as at 30 June 2011 (30 June 2010: R 350 047 416).

Refer to Note number 10 and Appendices "B, C and E (2)" for more detail.

10. INVESTMENTS

The municipality held investments to the value of R 28 166 148 as at 30 June 2011 (30 June 2010: R 40 892 037).

These investments are ring-fenced for purposes of the security for and repayment of Long-term Liabilities, with the result that no amounts are available for own purposes.

Refer to Note number 13 for more detail.

11. LONG-TERM RECEIVABLES

Long-term Receivables of R 660 269 at 30 June 2011 consist of staff loans. No staff loans were granted to officials of the municipality during the year under review. The outstanding amount relates to prior years and is still collectable.

Refer to Note number 5 for more detail.

12. CURRENT ASSETS

Current assets are made up as follows:			Kouga Local Municipality	
			2011 R	2010 R
Inventory	Note number 8	-	4 876 575	4 965 287
Trade receivables from non- exchange transactions	Note number 9	-	15 498 552	4 301 418
		-	-	-
		-	-	-
Cash & Cash Equivalents	Note number	-	22 435 855	40 758 372
		-	-	-
Operating lease asset	Note number 6	-	64 184	61 061
		-	42 875 166	50 086 138

The Short-term Investment Deposits are ring-fenced for the purposes of the Capital Replacement Reserve, Unspent Conditional Grants and the repayment of the Current Portion of Long-term Liabilities and no funds are available for own purposes.

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays an important role in the upliftment of the poor and sustaining and improving of infrastructure for all its citizens for which it uses grants received from government and other organisations, and has a big responsibility as custodian of these funds.

4. EVENTS AFTER REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 38.

15. EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, Executive Deputy Mayor, Members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for their support extended during the financial year.

Medium capacity municipalities should comply with all GRAP standards for the year ended 30 June 2011 along with ASB Directive *(4 Transitional provisions for the adoption of standards of GRAP by medium and low capacity municipalities)*. The municipality must comply fully with GRAP for the financial year ended 30 June 2011. The impact of complying with all GRAP standards, will not be felt solely in the Finance Department. What GRAP will herald is a sea-change in the business management of this Council and the departments of Council will have to take far greater responsibility for their corporate planning, reporting and financial administration.

The work involved compiling these financial statements has been highly complex and technical and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.

C. BURGER
ACTING CHIEF FINANCIAL OFFICER

31 August 2011

KOUGA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

	Note	2011	2010
ASSETS			
Current Assets			
Inventories	9	4 876 575	4 965 287
Long-term receivable (non-current portion)	5	-	123 204
Operating lease asset	6	64 184	61 061
Trade receivables from non-exchange transactions	10	15 498 552	4 301 418
Consumer debtors	11	74 172 277	53 394 400
Cash and cash equivalents	12	22 435 855	40 758 372
		117 047 443	**103 603 742**
Non-Current Assets			
Investment property	2	-	76 957
Property, plant and equipment	3	373 598 795	350 047 416
Intangible assets	4	490 120	529 900
Long-term receivable (non-current portion)	5	660 269	537 065
Investments	8	5 730 292	142 625
		380 479 476	**351 333 963**
Total Assets		**497 526 919**	**454 937 705**
LIABILITIES			
Current Liabilities			
Long-term liabilities	14	6 778 356	20 681 994
Operating lease liability	6	36 197	36 197
Creditors	18	105 863 533	44 791 401
VAT payable	19	2 700 563	-
Consumer deposits	20	7 342 147	7 035 217
Provisions	16	54 367 419	8 005 749
Unspent conditional grants and receipts		19 950 097	24 560 207
Bank overdraft	12	12 986 888	19 253 820
		210 025 200	**124 364 585**
Non-Current Liabilities			
Long-term liabilities	14	94 656 688	89 502 655
Provision for post retirement benefits	7	-	67 432 211
Other Non-current provisions	16	41 351 431	12 293 118
		136 008 119	**169 227 984**
Total Liabilities		**346 033 319**	**293 592 569**
Net Assets		**151 493 600**	**161 345 136**
NET ASSETS			
Accumulated surplus		151 493 600	161 345 136

KOUGA MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

	Note (s)	2011	2010
Revenue	21	381 209 826	346 167 647
Other income		8 240 738	6 864 610
Operating expenses		(386 770 292)	(384 598 071)
Operating surplus (deficit)		**2 680 272**	**(31 565 814)**
Investment revenue	30	5 600 327	13 889 397
Interest paid	32	(13 537 057)	(12 861 682)
Deficit for the year		**(5 256 458)**	**(30 538 099)**

KOUGA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

	Share capital / contributions from owners	Accumulated surplus	Total net assets
Restated balance as at 30 June 2009	-	144 599 651	144 599 651
Adjustments			
Surplus for the year ended 30 June 2009	-	47 409 311	47 409 311
Correction of error (note 39.2(d))	-	(125 727)	(125 727)
Balance at 30 June 2009	**-**	**191 883 235**	**191 883 235**
2010			
Surplus for the year ended 30 June 2010	-	(30 538 099)	(30 538 099)
Total changes	-	(30 538 099)	(30 538 099)
Balance at 30 June 2010	**-**	**156 750 058**	**156 750 058**
2011			
Deficit for the year ended 30 June 2011	-	(5 256 458)	(5 256 458)
Total changes	-	(5 256 458)	(5 256 458)
Balance at 30 June 2011	**-**	**151 493 600**	**151 493 600**
Note(s)	13		

Cash Flow Statement

	Note	2011	2010
Cash flows from operating activities			
Receipts			
Cash receipts from ratepayers, government and other		426 479 190	336 291 174
Interest income		5 600 327	13 889 397
		432 079 517	350 180 571
Payments			
Cash paid to suppliers and employees		(395 231 727)	(333 709 330)
Interest paid		(13 317 355)	(12 861 682)
		(408 549 082)	(346 571 012)
Net cash flows from operating activities		**23 576 093**	**3 609 559**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(29 844 470)	(71 806 579)
(Increase)/decrease in intangible assets	3	-	(157 554)
(Increase)/decrease in non-current receivables	2	-	(261 656)
(Increase)/decrease in non-current investment	2	15 758 711	(2 129 022)
Net cash flows from investing activities		**(14 085 759)**	**(74 354 811)**
Cash flows from financing activities			
New loans raised/(repaid)	13	(8 646 422)	30 622 241
Increase/(decrease) in Consumer Deposits	13	107 873	720 647
Net cash flows from financing activities		**(8 538 549)**	**31 342 888**
Net increase/(decrease) in cash and cash equivalents		**951 785**	**(39 402 364)**
Cash and cash equivalents at the beginning of the year		2 883 269	42 970 673
Cash and cash equivalents at the end of the year	12	**3 835 054**	**3 568 309**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

1.1 Change in accounting policy and comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

The municipality changes an accounting policy only if the change:
(a) is required by a Standard of GRAP; or
(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions. on the performance or cash flow.

The details of any changes in accounting policies and comparative restatements are explained in the relevant policy.

1.2 Critical judgements, estimations and assumptions.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

Revenue Recognition

Accounting Policy 1.14 on Revenue from Exchange Transactions and on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes 15 & 19 and 43 respectively. Provisions are discounted where the effect of discounting is material.

Impairment of financial assets

Accounting Policy 1.10 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: Financial Instruments - Recognition and Measurement. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in note 29 to the Annual Financial Statements.

Useful lives of property, plant and equipment

As described in Accounting Policy 1.7, the municipality depreciates its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful life and residual values of the assets are based on industry knowledge.

Impairment: Write down of inventories

Significant estimates and judgements are made relating to the write down of Inventories to Net Realisable Values.

1.2 Consolidation (continued)

Defined benefit plan liabilities

As described in Accounting Policy 1.17, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 15 and 19 to the Annual Financial Statements.

Operating lease commitments - as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

1.3 Presentation of currency

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going concern assumptions

The Annual Financial Statements have been prepared on a going concern basis.

1.5 Offsetting

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

1.6 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 municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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 (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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.

1.6 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. 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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revalutation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

1.6 Property, plant and equipment (continued)

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such 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 increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Years**
Infrastructure	
• Roads and paving	30
• Pedestrian malls	30
• Electricity	4 - 80
Community	
• Improvements	30
• Recreational facilities	20 - 30
• Security	5
Other	
• Buildings	30
• Specialist vehicles	10
• Other vehicles	5

The residual value, and the 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.

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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 from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Property, plant and equipment (continued)

Transitional provision

The municipality changed its accounting policy for property, plant and equipment in 2011. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 3. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 3.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:
- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.7 Intangible assets

Initial recognition

Identifiable non–monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:
- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

1.7 Intangible assets (continued)

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21 / IAS 36.

Intangible assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement, amortisation and impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

The estimated useful lives and the amortisation methods were not reviewed in the current financial year as required by GRAP 102. The municipality also did not perform impairment testing on its intangible assets during the year under review. The estimated useful lives and amortisation methods will be reviewed and impairment testing will be done for the year ended 30 June 2011 (and retrospectively where practicable), and any changes therein will be implemented in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 4.

Derecognition

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

Transitional Provisions

Costs incurred on intangible assets (other than on computer software, websites) were expensed and not capitalised in the previous financial year as required by IAS 38 as this requirement was exempted in terms of General Notice 522 of 2007. The municipality will account for all costs incurred that meet the intangible asset definition and recognition requirements as intangible assets for the financial year ended 30 June 2010 (and retrospectively, where practicable) in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 4.

1.7 Intangible assets (continued)

Transitional provision

The municipality changed its accounting policy for intangible assets in 2011. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible assets. Intangible Assets has accordingly been recognised at provisional amounts, as disclosed in 4. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and intangible assets has accordingly been recognised at provisional amounts, as disclosed in 4.

Until such time as the measurement period expires and intangible assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:
- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Intangible assets implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on Intangible assets.

1.8 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

1.8 Investment property (continued)

Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality 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.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

Subsequent measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Investment property (continued)

Transitional provisions

In terms of ASB Directive 4, the municipality is not required to measure investment properties for reporting periods beginning on or after a date within 3 years following the date of initial adoption of GRAP 16. The municipality elects to apply ASB Directive 4 for its investment properties and does not measure its investment properties for the above-mentioned period. However, provisional amounts for investment properties are disclosed in the Annual Financial Statements in accordance with ASB Directive 4.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Cost model

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, are as follows:

1.9 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through surplus or deficit - held for trading
- Financial assets at fair value through surplus or deficit - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through surplus or deficit - held for trading
- Financial liabilities at fair value through surplus or deficit - designated

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and subsequent measurement

Financial Assets:

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial Liabilities:

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest rate method. The *effective interest rate* is the rate that discounts estimated future cash payments or receipts through the expected lifespan of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset or liability.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

1.9 Financial instruments (continued)

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Financial instruments designated as at fair value through profit and loss

[Explain the nature of financial instruments designated as at fair value through surplus or deficit, the criteria for making the designation as well as how the requirements of IAS 39 for such designation were met]

Financial instruments designated as available for sale

[Explain the designation criteria of financial instruments designated as available for sale]

Financial assets subject to re-negotiated terms

[Explain accounting policy for financial assets which would otherwise be past due or impaired, but the terms have been re-negotiated]

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

1.9 Financial instruments (continued)

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 30 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 uncollectible, 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.

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 municipality's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Hedging activities

Designated and effective hedging instruments are excluded from the definition of financial instruments at fair value through surplus or deficit.

The municipality designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

1.9 Financial instruments (continued)

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); and
- hedges of a net investment in a foreign operation (net investment hedge).

The municipality documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The municipality also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note .

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in surplus or deficit, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to surplus or deficit over the period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit within 'other income'.

Amounts accumulated in equity are reclassified in other comprehensive income to surplus or deficit in the periods when the hedged item affects surplus or deficit (for example, when the forecast sale that is hedged takes place).

However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset..

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in surplus or deficit as a reclassification adjustment through other comprehensive income when the forecast transaction is ultimately recognised in the statement of financial performance.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in surplus or deficit as a reclassification adjustment through other comprehensive income.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit within 'other income'.

1.9 Financial instruments (continued)

Gains and losses accumulated in equity are recognised in surplus or deficit as a reclassification adjustment through other comprehensive income when the foreign operation is partially disposed of or sold.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

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 a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit,
- 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.

Derecognition

- Financial assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

- Financial liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

Transitional Provisions

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of the new IAS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of the new version of IAS 32 and IFRS 7 and GRAP 3.

Financial instruments were initially measured at cost and not at fair value in the previous financial year as required by IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 39.43, IAS 39 AG.64, IAS 39 AG.65, IAS 39 AG.79, SAICA Circular 9 and GRAP 3.

1.10 Risk management of financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

Liquidity Risk

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 47 to the Annual Financial Statements.

1.11 Inventories

Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1.11 Inventories (continued)

Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water and purified effluent are valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Transitional provision

The municipality changed its accounting policy for inventories in 2011. The change in accounting policy made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories has accordingly been recognised at provisional amounts, as disclosed in 9. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where inventories was acquired through a transfer of functions, the municipality is not required to measure that inventories for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and inventories has accordingly been recognised at provisional amounts, as disclosed in 9.

Until such time as the measurement period expires and inventories is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:
- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories.

1.12 Non-current assets held-for-sale

Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets, and is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.14 Provisions

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 municipality 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.

1.14 Provisions (continued)

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.

Provisions are not recognised for future operating deficits.

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.

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;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - 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.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

1.15 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as a current provision.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a current provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

1.15 Employee benefits (continued)

Post retirement benefits

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

A **defined benefit plan** is a post- employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the "corridor method". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Multi-employer Defined Benefit Plans and Defined Contribution Plans

The municipality contributes to various National- and Provincial-administered Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 45 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued tri-annually on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.16 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the lessee.

Operating leases are those leases that do not fall within the scope of the above definition.

The Municipality as Lessee

Property, plant and equipment or Intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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

Operating lease rentals are recognised as an expense on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

Transitional provisions

Although the recognition of operating lease payments / receipts on a straight-line basis in accordance with the requirements of IAS 17 has been exempted in the previous financial year in terms of General Notice 522 of 2007 (provided that the municipality recognised the lease amounts on the basis of the cash flows in the lease agreement), the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the recognition of operating lease payments / receipts on a straight-line basis in the previous financial year. Continued to recognise operating lease payments / receipts on a straight-line basis for the financial year ended 30 June 2011n accordance with the requirements of GRAP 13 and ASB Directive 4.

Operating leases – lessee

1.16 Leases (continued)

Operating lease payments are recognised as an expense 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 an operating lease asset. This liability is not discounted.

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

1.17 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, 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
- there has been compliance with the relevant legal requirements.

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.

1.18 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 associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: 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 the revenue amount collected 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 from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:
- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

1.18 Revenue from non-exchange transactions (continued)

Government grants

Government grants are recognised as revenue 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
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue 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
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.19 Value Added Tax (VAT)

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

1.20 Cash and cash equivalents

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

1.21 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.23 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.24 Foreign currencies

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

1.25 Changes in accounting policies, estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

1.26 Related Parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.27 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.28 Comparative figures

Current year comparatives:

Budgeted amounts have, in accordance with GRAP 1, been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

1.29 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the Annual Financial Statements.

1.30 Treatment of administration and other expenses

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1.31 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality 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).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

1.31 Impairment of cash-generating assets (continued)

Useful life is either:

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Accounting Policies

1.32 Share capital / contributions from owners

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Notes to the Annual Financial Statements

	2011	2010

2. INVESTMENT PROPERTY

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	-	-	-	1 246 344	(1 169 387)	76 957

Reconciliation of investment property - 2011

	Opening balance	Difference	Total
Investment property	76 957	(76 957)	-

Reconciliation of investment property - 2010

	Opening balance	Difference	Total
Investment property	84 425	(7 468)	76 957

Pledged as security

Carrying value of assets pledged as security:

Borrowing costs capitalised

Other disclosures

Investment property located in (a foreign country: specify) is governed by that country's exchange controls and therefore the rental income and proceeds from any sale of that investment property are not available to the municipality:

Details of property

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 municipality.

2. INVESTMENT PROPERTY (continued)

Details of valuation

The effective date of the revaluations was . Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Other
Other

These assumptions are based on current market conditions.

Amounts recognised in surplus and deficit for the year.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

When the municipality's policy is to subsequently measure investment property on the cost model, when the municipality cannot determine the fair value of the investment property reliably, the municipality must disclose:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and

	2011	2010

2. INVESTMENT PROPERTY (continued)

Transitional provisions

Investment property recognised at provisional amounts

In accordance with the transitional provisions as per Directive 2 of the GRAP Reporting Framework, as disclosed in note , certain investment property with a carrying value of - (2010: -) was recognised at provisional amounts. Carrying amounts of investment property carried at provisional amounts are as follows:

Due to initial adoption of GRAP 16

Steps taken to establish the values of investment property recognised at provisional amounts due to the initial adoption of GRAP 16, is as follows:

Provisional amounts retrospectively adjusted during the year, are as follows (refer to note for effect on the annual financial statements:

The date at which full compliance with GRAP 16 is expected, is 30 June 2011.

Due to a transfer of functions

Steps taken to establish the values of investment property recognised at provisional amounts due to the transfer of functions, is as follows:

Provisional amounts retrospectively adjusted during the year, are as follows (refer to note for effect on the annual financial statements:

The date at which full compliance with GRAP 16 is expected, is 30 June 2011.

3. PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	-	(6 096)	(6 096)	-	-	-
IT equipment	-	-	-	44 908	-	44 908
Infrastructure	-	9 495 387	9 495 387	297 767 182	(91 539 005)	206 228 177
Community	-	-	-	64 849 788	(31 680 563)	33 169 225
Other equipment	-	-	-	74 289 237	(12 904 891)	61 384 346
Capital work in progress	-	-	-	10 933 033	(5 804 517)	5 128 516
Investment property	-	5 103 510	5 103 510	-	-	-
Housing development fund	-	-	-	3 462 610	(1 759 324)	1 703 286
Other property, plant and equipment # 4	359 005 994	-	359 005 994	42 388 958	-	42 388 958
Total	**359 005 994**	**14 592 801**	**373 598 795**	**493 735 716**	**(143 688 300)**	**350 047 416**

	2011	2010

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Difference	Other changes, movements	Depreciation	Total
Buildings	-	-	-	(6 096)	(6 096)
IT equipment	44 908	(44 908)	-	-	-
Infrastructure	206 228 177	(196 732 790)	-	-	9 495 387
Community	33 169 225	(33 169 225)	-	-	-
Other equipment	61 384 346	(61 384 346)	-	-	-
Capital work in progress	5 128 516	(5 128 516)	-	-	-
Investment property	-	5 103 510	-	-	5 103 510
Housing development fund	1 703 286	(1 703 286)	-	-	-
Other property, plant and equipment # 4	42 388 958	275 113 376	41 503 660	-	359 005 994
	350 047 416	**(17 946 185)**	**41 503 660**	**(6 096)**	**373 598 795**

Reconciliation of property, plant and equipment - 2010

	Opening balance	Difference	Other changes, movements	Total
IT equipment	-	44 908	-	44 908
Infrastructure	176 769 061	29 459 116	-	206 228 177
Community	33 169 225	-	-	33 169 225
Other equipment	61 384 346	-	-	61 384 346
Capital work in progress	5 128 516	-	-	5 128 516
Housing development fund	1 703 286	-	-	1 703 286
Other property, plant and equipment # 4	-	13 907 204	28 481 754	42 388 958
	278 154 434	**43 411 228**	**28 481 754**	**350 047 416**

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 municipality.

	2011	2010

4. INTANGIBLE ASSETS

	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	549 680	(59 560)	490 120	598 293	(68 393)	529 900

5. LONG-TERM RECEIVABLE (NON-CURRENT PORTION)

	2011	2010
Loans and receivables		
Loans and receivables 1	660 269	660 269
Terms and conditions		
Non-current assets		
Loans and receivables	660 269	537 065
Current assets		
Loans and receivables	-	123 204
	660 269	**660 269**

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2011 and 2010, as all the financial assets were disposed of at their redemption date.

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

6. OPERATING LEASE ASSET (ACCRUAL)

	2011	2010
Current assets	64 184	61 061
Current liabilities	(36 197)	(36 197)
	27 987	**24 864**

7. EMPLOYEE BENEFIT OBLIGATIONS

8. INVESTMENTS

Additional text

	2011	2010

9. INVENTORIES

	2011	2010
Consumable stores	4 545	1 374 867
Maintenance materials	-	3 920 360
Spare parts	-	302 599
Water	-	194 728
Medical stock	(204 985)	204 985
Other 4	5 067 453	(1 005 028)
	4 867 013	4 992 511
Inventories (write-downs)	9 562	(27 224)
	4 876 575	**4 965 287**

10. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2011	2010
Operating lease receivables (if immaterial)	(1)	1
Sundry debtors	15 498 553	4 301 417
	15 498 552	**4 301 418**

11. CONSUMER DEBTORS

	2011	2010
Gross balances		
Rates	26 722 047	17 910 019
Electricity	25 007 905	19 755 081
Water	17 842 796	14 916 033
Sewerage	8 724 403	6 195 273
Refuse	7 744 200	6 799 831
Regional services levies	9 381 742	8 582 970
Housing rental	45	45
Sundry debtors	17 502 278	14 996 877
	112 925 416	**89 156 129**
Less: Provision for debt impairment		
Sundry debtors	(38 753 139)	(35 761 729)
Net balance		
Rates	26 722 047	17 910 019
Electricity	25 007 905	19 755 081
Water	17 842 796	14 916 033
Sewerage	8 724 403	6 195 273
Refuse	7 744 200	6 799 831
Regional services levies	9 381 742	8 582 970
Housing rental	45	45
Other (specify)	(21 250 861)	(20 764 852)
	74 172 277	**53 394 400**

	2011	2010

11. CONSUMER DEBTORS (continued)

	2011	2010
Rates		
Current (0 -30 days)	(2 128 176)	(1 875 667)
31 - 60 days	3 305 741	859 399
61 - 90 days	687 230	536 719
91 - 120 days	404 561	515 215
more than 120 days	24 453 008	29 026 183
	26 722 047	**17 910 019**
Electricity		
Current (0 -30 days)	42 261	11 141 430
31 - 60 days	11 122 980	1 950 956
61 - 90 days	2 012 735	1 131 445
91 - 120 days	1 215 089	801 558
more than 120 days	8 361 281	6 703 236
	25 007 905	**19 755 081**
Water		
Current (0 -30 days)	28 381	3 598 773
31 - 60 days	2 263 930	1 693 297
61 - 90 days	1 280 399	882 666
91 - 120 days	768 074	810 243
more than 120 days	13 659 859	9 577 174
	17 842 796	**14 916 033**
Sewerage		
Current (0 -30 days)	(8 565)	1 339 924
31 - 60 days	2 020 564	455 604
61 - 90 days	784 963	352 751
91 - 120 days	548 216	305 020
more than 120 days	6 514 974	4 524 936
	8 724 403	**6 195 273**
Refuse		
Current (0 -30 days)	2 839	1 091 942
31 - 60 days	1 181 830	469 844
61 - 90 days	495 267	385 068
91 - 120 days	361 314	355 006
more than 120 days	6 660 910	5 349 861
	7 744 200	**6 799 831**
Regional services levies		
Current (0 -30 days)	-	636 154
	9 381 742	**8 582 970**

	2011	2010

11. CONSUMER DEBTORS (continued)

Housing rental

Current (0 -30 days)	45	45
more than 120 days	6 048	5 560
	45	**45**

Other (specify)

Current (0 -30 days)	406 485	713 828
31 - 60 days	636 154	358 654
61 - 90 days	381 509	258 135
91 - 120 days	368 765	221 792
121 - 365 days	10 719 194	8 844 663
	(21 250 861)	**(20 764 852)**

Reconciliation of debt impairment provision

Balance at beginning of the year	35 761 729	14 223 595
Contributions to provision	2 991 410	25 901 614
Debt impairment written off against provision	-	(4 363 481)
	(38 753 139)	**(35 761 729)**

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	8 960	8 960
Short-term deposits	22 426 895	40 749 412
Bank overdraft	(12 986 888)	(19 253 820)
	9 448 967	**21 504 552**

Current assets	22 435 855	40 758 372
Current liabilities	(12 986 888)	(19 253 820)
	9 448 967	**21 504 552**

Notes to the Annual Financial Statements

	2011	2010

12. CASH AND CASH EQUIVALENTS (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
Cash book	-	-	-	(33 346 014)	(19 253 820)	-
FNB (Primary Bank Acc) Acc Nr. 52540020791	(2 772 829)	(4 373 060)	-	-	-	-
FNB (Primary Bank Acc) Acc. Nr. 52540033504	841 345	1 489 790	-	-	-	-
Total	**(1 931 484)**	**(2 883 270)**	**-**	**(33 346 014)**	**(19 253 820)**	**-**

13. SHARE CAPITAL / CONTRIBUTIONS FROM OWNERS

14. LONG-TERM LIABILITIES

	2011	2010
Annuity loans	80 250 376	89 007 039
Capitalized lease liability	21 184 668	21 177 610
	101 435 044	**110 184 649**
Non-current liabilities		
Annuity loans & Capitalized lease liability	94 656 688	89 502 655
Current liabilities		
Annuity loans-current portion	6 778 356	20 681 994
	101 435 044	**110 184 649**

	2011	2010

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	814 298	3 452 245
Energy/NER	260 171	965 091
Cacadu District Municipality	336 669	140 321
Department of Health	-	504 840
Department of Water Affairs	145 461	156 064
Department of Economic Development	631 500	631 500
Development Bank	350 576	350 576
DPLG & TA (Housing)	40 397	10 558 402
DPLG & TA	5 325 404	5 325 404
Other Spheres of Government Grants	1 701 106	1 701 106
	9 605 582	**23 785 549**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

16. PROVISIONS

Non-current liabilities	41 351 431	12 293 118
Current liabilities	54 367 419	8 005 749
	95 718 850	**20 298 867**

The warranty provision represents management's best estimate of the municipality's liability under one period warranties granted on (electrical) (products), based on (prior experience) (and) (industry averages for defective products).

There is no expected reimbursement (from the manufacturer) in respect of this provision.

.

The municipality moved from its previous leased premises. The lease in non-cancellable and the lease continue for the next - years. The municipality cannot find a lessee to occupy the premises.

	2011	2010

17. OTHER LIABILITY 2

18. CREDITORS

Trade payables	96 243 411	19 405 651
Payments received in advance	9 381 742	8 097 040
Sundry creditors	238 380	17 288 710
	105 863 533	**44 791 401**

19. VAT PAYABLE

Tax refunds payables	2 700 563	-

20. CONSUMER DEPOSITS

Electricity	6 452 206	6 210 490
Water	889 941	824 727
	7 342 147	**7 035 217**

Consumer deposits is paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council can utilize the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values. The fair value of Consumer Deposits were determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

21. REVENUE

Property rates	89 759 515	89 643 093
Service charges	221 445 517	188 697 788
Royalty income	10 603	-
Rental of facilities & equipment	605 790	564 873
Fines	2 421 948	2 203 138
Licences and permits	6 461 125	4 660 579
Government grants & subsidies	60 505 328	60 398 176
	381 209 826	**346 167 647**

	2011	2010

21. REVENUE (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	221 445 517	188 697 788
Royalty income	10 603	-
Rental of facilities & equipment	605 790	564 873
Licences and permits	6 461 125	4 660 579
	228 523 035	**193 923 240**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	89 759 515	89 643 093
Fines	2 421 948	2 203 138
Transfer revenue		
Levies	60 505 328	60 398 176
	152 686 791	**152 244 407**

22. PROPERTY RATES

Rates received

	103 233 158	101 557 047
Less: Income forgone	(13 473 643)	(11 913 954)
	89 759 515	**89 643 093**

Valuations

Valuations on land and buildings are performed every 2 years. The last general valuation came into effect on 1 July 20XX. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 September 2011 (30 September 2010).

23. SERVICE CHARGES

Sale of electricity	128 321 035	113 996 582
Sale of water	33 008 670	34 092 791
Sewerage and sanitation charges	28 522 888	18 026 651
Refuse removal	19 181 359	17 601 467
Interdepartmental service charges	-	(5 194 717)
Other service charges	12 411 565	10 175 014
	221 445 517	**188 697 788**

	2011	2010

24. GOVERNMENT GRANTS AND SUBSIDIES

	2011	2010
Equitable share	34 882 484	27 608 075
Conditional grants	23 776 626	29 625 613
Health subsidy	1 846 218	3 164 488
	60 505 328	**60 398 176**

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 (MIG)

	2011	2010
Balance unspent at beginning of year	4 931 822	4 872 913
Current-year receipts	14 748 000	14 129 616
Conditions met - transferred to revenue	(18 865 525)	(14 070 706)
	814 298	**4 931 823**

Conditions still to be met - remain liabilities (see note 15).

Provincial - Other Provincial Grant (DPLG&TA)

	2011	2010
Balance unspent at beginning of year	5 325 404	10 505 306
Conditions met - transferred to revenue	-	(5 179 902)
	5 325 404	**5 325 404**

Conditions still to be met - remain liabilities (see note 15).

Cacadu District Grant

	2011	2010
Balance unspent at beginning of year	140 321	140 321
Current-year receipts	491 245	-
Conditions met - transferred to revenue	(294 897)	-
	336 670	**140 321**

Conditions still to be met - remain liabilities (see note 15).

Department of Health

	2011	2010
Balance unspent at beginning of year	504 840	504 840
Conditions met - transferred to revenue	(504 840)	-
	-	**504 840**

Conditions still to be met - remain liabilities (see note 15).

Department of Water Affairs

	2011	2010

24. GOVERNMENT GRANTS AND SUBSIDIES (continued)

	2011	2010
Balance unspent at beginning of year	156 064	156 064
Conditions met - transferred to revenue	(10 603)	-
	145 461	**156 064**

Conditions still to be met - remain liabilities (see note 15).

Economic Development

	2011	2010
Balance unspent at beginning of year	631 500	631 500
	631 500	**631 500**

Conditions still to be met - remain liabilities (see note 15).

Development Bank

	2011	2010
Balance unspent at beginning of year	350 576	350 576
	350 576	**350 576**

Conditions still to be met - remain liabilities (see note 15).

Financial Support (Provincial)

	2011	2010
Current-year receipts	1 200 000	1 000 000
Conditions met - transferred to revenue	(1 200 000)	(1 000 000)
	-	-

Conditions still to be met - remain liabilities (see note 15).

Department of Minerals & Energy

	2011	2010
Balance unspent at beginning of year	260 171	260 171
	260 171	**260 171**

Conditions still to be met - remain liabilities (see note 15).

Other Government Grants

	2011	2010
Balance unspent at beginning of year	1 701 106	1 701 106
	1 701 106	**1 701 106**

Conditions still to be met - remain liabilities (see note 15).

Neighbourhood Development Grant

	2011	2010
Balance unspent at beginning of year	-	1 719 298
Current-year receipts	-	6 095 850

	2011	2010

24. GOVERNMENT GRANTS AND SUBSIDIES (continued)

Conditions met - transferred to revenue	-	(7 815 148)
	-	-

Conditions still to be met - remain liabilities (see note 15).

Municipal Systems Improvement Grant

Current-year receipts	750 000	-
Conditions met - transferred to revenue	(750 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 15).

Housing

Balance unspent at beginning of year	10 558 405	5 429 479
Current-year receipts	5 992 288	-
Conditions met - transferred to revenue	(16 510 297)	-
	40 396	**5 429 479**

Conditions still to be met - remain liabilities (see note 15).

25. OTHER INCOME

Sundries	3 579 744	2 194 942
Burial sites	102 229	78 713
Valuation Certificates	55 669	57 358
Caravan Park Fees	1 667 060	1 693 020
Commission	228 721	206 909
Cleaning of plots	91 937	122 782
Subdivisions	32 069	49 886
Consent uses	25 393	66 281
Augmentation fees from developers	32 672	28 414
Department of Health - Medical stock	-	1 309 471
Stock adjustments	-	1 005 028
	5 815 494	**6 812 804**

	2011	2010

26. GENERAL EXPENSES

	2011	2010
Assessment rates & municipal charges	1 404 751	1 458 622
Audit Fees	3 504 224	5 283 954
Consulting and professional fees	2 630 367	3 784 815
Rentals: Property, Plant and Equipment	7 847 601	6 715 919
Insurance	2 968 148	2 679 384
Fuel and oil	7 329 746	5 833 301
Postage and courier	1 153 848	1 222 277
Printing and stationery	750 327	751 461
Telephone and fax	3 042 276	2 300 940
Subsistance and travel	1 876 800	2 257 965
Planning fees	359 424	4 489 628
Grant expenditure - Various projects	1 435 883	1 076 505
Special projects	674 490	2 044 072
Chemicals	921 381	779 090
Other expenses	21 332 410	21 842 761
	57 231 676	**62 520 694**

	2011	2010

27. EMPLOYEE RELATED COSTS

	2011	2010
Basic	112 632 092	96 735 617
Bonus	8 349 346	6 460 359
WCA	2 840 227	2 464 459
Leave pay provision charge	348 303	3 838 069
Post-employment benefits - Pension - Defined contribution plan	23 450 343	14 762 410
Travel, motor car, accommodation, subsistence and other allowances	14 290 551	10 332 311
Overtime payments	7 396 248	10 171 479
Long-service awards	541 950	37 010
Housing benefits and allowances	463 417	591 661
Other # 7	-	8 836 518
Wages	2 954 554	1 857 047
	173 267 031	**156 086 940**

Remuneration of municipal manager

	2011	2010
Annual Remuneration	870 488	786 686
Car Allowance	148 140	148 140
Performance Bonuses	112 808	50 660
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Backpay	377 849	5 484
Subsistence & travel	33 473	27 428
	1 544 255	**1 019 895**

Remuneration of chief finance officer

	2011	2010
Annual Remuneration	820 693	708 609
Car Allowance	72 000	74 403
Performance Bonuses	46 145	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Backpay	314 874	48 300
Subsistence & travel	10 526	25 132
Cell phone allowance	-	8 508
	1 265 735	**866 449**

Remuneration of the director corporate service

	2011	2010
Annual Remuneration	777 133	702 863
Car Allowance	115 560	115 560
Performance Bonuses	92 289	52 108
Contributions to UIF, Medical and Pension Funds	1 823	1 497
Backpay	314 874	4 486
Subsistence & travel	10 813	31 728
Acting allowance	-	42 164
	1 312 492	**950 406**

Remuneration of the director of technical services

	2011	2010
Performance Bonuses	-	52 108

	2011	2010

27. EMPLOYEE RELATED COSTS (continued)

Acting allowance	277 084	489 070
	277 084	**541 178**

Remuneration of the director strategic services

Annual Remuneration	777 133	702 863
Car Allowance	111 560	115 560
Performance Bonuses	92 289	52 108
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Backpay	314 874	4 486
Subsistence & travel	6 771	24 791
	1 304 124	**901 305**

Remuneration of the director planning & development

Annual Remuneration	298 248	758 423
Car Allowance	117 518	60 000
Performance Bonuses	-	26 054
Contributions to UIF, Medical and Pension Funds	83 255	1 497
Back pay	-	4 486
Subsistence & travel	-	5 294
Acting allowance	-	360 958
	499 021	**1 216 712**

Remuneration of the director community services

Annual Remuneration	596 496	565 069
Car Allowance	231 784	93 781
Contributions to UIF, Medical and Pension Funds	179 539	1 123
Subsistence & travel	9 005	715
Other	-	8 972
Other	-	311 274
	1 016 824	**980 934**

28. REMUNERATION OF COUNCILLORS

Executive Major	468 181	498 620
Mayoral Committee Members	1 639 005	1 733 420
Speaker	349 653	461 104
Councillors	4 677 193	5 240 917
	7 134 032	**7 934 061**

29. DEBT IMPAIRMENT

	3 938 824	34 538 461

	2011	2010

30. INVESTMENTS

Summary of current investmentsas at 30 June [MFMA 125 (2)(b)]

ABSA	696 415	665 582
FNB	4 744 878	12 081 848
Momentum	-	787 677
Nedbank	183 511	162 557
RMB	4 605 100	9 258 129
Sanlam	14 429 627	14 429 627
Investec	3 506 617	3 506 617
	28 166 148	**40 892 037**

Interest revenue

Bank	-	406 321
	894 428	3 654 599
	-	3 827 701
	4 705 899	6 000 776
	5 600 327	**13 889 397**
	33 766 475	**54 781 434**

The amount included in Investment revenue arising from exchange transactions amounted to -.

The amount included in Investment revenue arising from non-exchange transactions amounted to -.

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to Rxxx (PY: Rxxx).

31. IMPAIRMENT OF ASSETS

Impairments

Inventories Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]	-	82 143

[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The main events and circumstances that led to the reversals of these impairment losses are as follows:

	2011	2010

32. INTEREST PAID

Finance leases	11 456 465	10 901 395
Bank	2 080 592	2 186 164
Other interest paid	-	(225 877)
	13 537 057	**12 861 682**

Capitalisation rates used during the period were -% on specific borrowings for capital projects and -% being the weighted average cost of funds borrowed generally by the municipality.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to Rxxx (PY: Rxxx).

33. AUDITORS' REMUNERATION

Fees	3 504 224	5 283 954

34. CONTRACTED SERVICES

Other Contractors	176 920	174 997

35. GRANTS AND SUBSIDIES PAID

Grants & subsidies paid

Equitable share allocation	14 533 959	10 533 722
Other grants & subsidies paid	-	1 453 799
	14 533 959	**11 987 521**

36. BULK PURCHASES

Electricity	100 473 485	75 613 526
Water	13 608 639	11 577 285
	114 082 124	**87 190 811**

	2011	2010

37. COMMITMENTS

Authorised capital expenditure

Approved and contracted

• Enhancement of the WSDP for Kouga M	198 990	-
• Appoint of Contractor:Plant and Design Buildworks: JBay Wastewater Treatment Works	37 722 173	-
• Appointment of Contractor: Sewer Reticulation in Patensie Ramaphosa Phase 1	3 097 771	-
• Supply and Maintenance of Portable and Compatible Speed Camera Software for Traffic Contravention System	220 220	-
• Rectification of 157 state funded low cost housing units: Sea vista	58 747	-
• Emergency Repair Humansdorp Water Treatment Works	56 131	-
• HP Procurve Swithches	164 206	-
• Pump Installation Sub 4A	131 082	-
• Emergency repairs to Apiesdraai Sewer pumpstation	137 918	-
	41 787 238	**-**

To be Approved by Municipal Manager

• Notice Nr. 176/2020	1 000 000	-
• Notice Nr. 8/2011	8 000 000	-
	9 000 000	**-**

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

	2011	2010

38. CONTINGENCIES

Litigation is in the process against the municipality relating to a dispute with a competitor who alleges that the municipality has infringed patents and is seeking damages of -. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.

Should the action be successful the municipality does have insurance cover to cover litigation costs and claims. The total cover extended by the current policy amounts to -.

The municipality has offered termination benefits to all of its employees to encourage early retirement. The municipality has finalised and agreed, with the trade unions, the terms and conditions of the plan. The plan has been implements and will continue for the next nine months. Management are uncertain about the number of employees who will accept the offer. If all employees take the offer the potential financial effect would approximately be -.

There is no reimbursement from any third parties for potential obligations of the municipality.

An associate is been sued for violation of copyrights. The municipality's share of the potential claim amounts to -. The associates lawyers and management are of the opinion that the law suit will be successful but are unable to reliably determine the amount of penalties and damages payable.

The municipality is severally liable for the liabilities of its associate. The associate is profitable and in currently able to meet all of it present obligations.

Litigation is in the process against the a competitor relating to a dispute whereby the competitor has infringed patents and the municipality is seeking damages of -. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.

Unfilled conditions and other contingencies attaching to government grants related to agricultural activity.

Contingent liabilities

[Disclose:

- Unresolved insurance claims: There are a number of unresolved insurance claims at the reporting date. while the claim should covered by the Municipality's insurance if the claim is paid out, the municipality will be liable for the excess as stipulated in the Municipality's insurance policies. the value of the contingent excesses and the nature of the insurance cover concerned amounts to R 26,750.00 Possible claims against council: Council is involved in disputes with separate individuals as at 30 June 2011. Claims against council (legal fees R968,766.39 included) amounts to R 20,322,366.39 Contrary to section 20(1) of the Environmental Conservation Act (Act 50 of 2003) some of the municipality's landfill sites have not been issued with a permit by the Department of Economic and Environmental Affairs. In terms of section 29(4), for non0compliance of the section 20(1) the municipality may incur a fine to the amount of R 5m per contravention which will amount to a total of R 20,000.00.

Contingent assets

Council is involved in a dispute with Electro on the Move regarding prepaid electricity R 4,273,365.00

	2011	2010

39. RELATED PARTIES

Relationships

Ward 1	Z Mayoni
Ward 2	E Hill
Ward 3	H Thiart
Ward 4	F Campher
Ward 5	E Groep
Ward 6	P Oliphant
Ward 7	B Koliti
Ward 8	D Aldendorff
Ward 9	L Ntshiza
Ward 10	P Kota
Ward 11	M Ungerer
Ward 12	B Rheeder
Ward 13	V Matodlana
Ward 14	T Meleni
Ward 15	E Mahlathini
Proportional	Z Blouw
Proportional	V Camelio-Benjamin
Proportional	M Dlomo
Proportional	T Maseti
Proportional	B Koerat
Proportional	V Stuurman
Proportional	C Njela
Proportional	C Cawood
Proportional	N Botha
Proportional	J Joy
Proportional	D Benson
Proportional	M Speelman
Proportional	B Williams
Proportional	F Baxter

Related party balances

Service charge accounts - Owing (to) by related parties

	2011	2010
Executive Mayor	35 231	-
Speaker	666	-
Cmelio-benjamin	1 986	-
Maseti	129	-
Oliphant	1 082	-
Stuurman	(1 093)	-
Njela	(193)	-
Cawood	180	-
Benson	5 572	-
Baxter	5	-
Mayoni	(28)	-
Hill	3 169	-
Thiart	(1 692)	-
Campher	65	-
Koliti	165	-
Mtodlana	265	-
Meleni	561	-
Mahlathini	2 856	-

39. RELATED PARTIES (continued)

	2011	2010
Section 57 Personnel		
Director: Community Services (Acting)	2 441	-
Director: Planning and Development (Acting)	482	-
Related party transactions		
Purchases from(sales to) related parties		
C & A Cabinets	17 290	61 357
Owen Jeggels Tiling	-	52 880
Delevex	-	366 747
Purchases from (sales to) related parties		
D J Enterprises	-	126 264
Do it All Construction	40 000	72 504
Lippert Cabinets	-	4 950
Purchases from (sales to) related parties		
Calandria 142 CC t/a	-	163 930
Winternight	-	75 274
Meleni T	-	43 585
Purchases from (sales to) related parties		
Nowaix Trading	6 474	3 550
Lukabash Trading	-	24 440
Cyclone Couriers	-	866
Purchases from (sales to) related parties		
Symmington Jacques	-	21 550
Glorias Catering	-	34 450
WJJ Gysman t/a	2 160	17 176
Purchases from (sales to) related parties		
BG Le Grange Surveys/Jbay Wipes	67 445	69 011
W Tengo Trust/Project Trading	-	28 322
Booi Koerat Utilities	-	62 000
Purchases from (sales to) related parties		
Electro on the move	-	530 645

Key management information

40. EVENTS AFTER THE REPORTING DATE

No events having financial implications and requiring disclosure occured subsequent to 30 June 2011.

	2011	2010

41. FRUITLESS AND WASTEFUL EXPENDITURE

Interest on late payments of trade creditors	2 080 592	-
Payments made to directors while on suspension for more than six months	868 245	-
	2 948 837	**-**

Detailed Income statement

	Note	2011	2010
Revenue			
Property rates		89 759 515	89 643 093
Service charges		221 445 517	188 697 788
Royalty income		10 603	-
Rental income		605 790	564 873
Fines		2 421 948	2 203 138
Licences and permits		6 461 125	4 660 579
Government grants		60 505 328	60 398 176
	21	**381 209 826**	**346 167 647**
Other income			
Other income 1		2 425 244	51 806
Sundry income		5 815 494	6 812 804
Interest received	30	5 600 327	13 889 397
		13 841 065	**20 754 007**
Expenses (Refer to page 72)		**(386 770 292)**	**(384 598 071)**
Operating surplus (deficit)		**8 280 599**	**(17 676 417)**
Interest paid	32	(13 537 057)	(12 861 682)
Deficit for the year		**(5 256 458)**	**(30 538 099)**

Refer to Appendix E1 for comparison with the approved budget

Detailed Income statement

	Note	2011	2010
Operating expenses			
Assessment rates & municipal charges		1 404 751	1 458 622
Auditors remuneration	33	3 504 224	5 283 954
Bad debts		3 938 824	34 538 461
Legal expenses		1 769 348	2 392 970
Consulting and professional fees 1		861 019	1 391 845
Hire		7 847 601	6 715 919
Insurance		2 968 148	2 679 384
Petrol and oil		7 329 746	5 833 301
Postage		1 153 848	1 222 277
Printing and stationery		750 327	751 461
Repairs and maintenance		16 365 545	24 082 443
Telephone and fax		3 042 276	2 300 940
Travel - local		1 876 800	2 257 965
Planning fees		359 424	4 489 628
Grant expenditure - Various projects		1 435 883	1 076 505
Collection costs		40 181	-
Expense 9		674 490	2 044 072
Bulk purchases		114 082 124	87 190 811
Contracted Services		176 920	174 997
Grants and subsidies paid		14 533 959	11 987 521
Chemicals		921 381	779 090
General expenses		21 332 410	21 842 761
Employee costs		180 401 063	164 021 001
Depreciation, amortisation and impairments		-	82 143
		386 770 292	**384 598 071**

APPENDIX A

KOUGA LOCAL MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 201

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance previously reported as at 30/06/2009	Corrections	Restated balances at 30/06/2009	Received during the year	Written off during the year	Balance at 30/06/2010	Received during the year	Written off during the year	Balance at 30/06/2011
	R	%			R		R	R	R	R	R	R	R
ANNUITY LOANS:													
ABSA													
ABSA	166 000	14.50%	528	30/11/2016	125 811	-	125 811	-	(8 996)	116 815	-	(10 207)	106 608
Total AB	166 000				125 811	-	125 811	-	(8 996)	116 815	-	(10 207)	106 608
ASDR													
ASDR	150 000	14.25%	513	30/12/2011	42 962	-	42 962	-	(10 913)	32 049	-	(20 623)	11 426
Total AS	150 000				42 962	-	42 962	-	(10 913)	32 049	-	(20 623)	11 426
DBSA													
DBSA	33 112 638	14.61%	145 - 147, 485,489 - 490,492, 494 - 496,498 - 499,501- 503, 505 - 509, 512, 514 - 515, 521- 526	30/09/2016	26 091 722.38	-	26 091 722.38	-	(2 104 618)	23 987 104	-	(2 423 333)	21 563 771
DBSA		12.00%	145	30/09/2016	3 803 385.64		3 803 385.64		-306 789.76	3 496 595.88	-	(353 249)	3 143 347.02
DBSA		12.00%	146	30/09/2016	615 140.05		615 140.05		-49 618.60	565 521.45	-	(57 133)	508 388.77
DBSA		12.00%	147	30/09/2016	1 900 540.61		1 900 540.61		-153 301.94	1 747 238.67	-	(176 517)	1 570 721.25
DBSA (LALF)		15.22%	485	30/09/2016	125 006.46		125 006.46		-10 083.31	114 923.15	-	(11 610)	103 312.84
DBSA (LALF)		15.22%	489	30/09/2016	49 946.04		49 946.04		-4 028.76	45 917.28	-	(4 639)	41 278.41
DBSA (LALF)		15.22%	490	30/09/2016	197 375.76		197 375.76		-15 920.78	181 454.98	-	(18 332)	163 123.22
DBSA (LALF)		15.22%	492	30/09/2016	10 730.34		10 730.34		-865.54	9 864.80	-	(997)	8 868.20
DBSA (LALF)		15.22%	494	30/09/2016	46 811.03		46 811.03		-3 775.88	43 035.15	-	(4 348)	38 687.45
DBSA (LALF)		15.77%	495	30/09/2016	149 047.50		149 047.50		-12 022.51	137 024.99	-	(13 843)	123 181.83
DBSA (LALF)		15.77%	496	30/09/2016	19 950.79		19 950.79		-1 609.28	18 341.51	-	(1 853)	16 488.54
DBSA (LALF)		13.46%	498	30/09/2016	57 943.00		57 943.00		-4 673.82	53 269.18	-	(5 382)	47 887.58
DBSA (LALF)		13.46%	499	30/09/2016	214 358.12		214 358.12		-17 290.62	197 067.50	-	(19 909)	177 158.45

DBSA (LALF)		14.75%	501	30/09/2016	219 036.00		219 036.00		-17 667.95	201 368.05	-	(20 344)	181 024.55
DBSA (LALF)		16.19%	502	30/09/2016	994 701.16		994 701.16		-80 234.87	914 466.29	-	(92 385)	822 080.96
DBSA (LALF)		16.19%	503	30/09/2016	12 127.42		12 127.42		-978.23	11 149.19	-	(1 126)	10 022.82
DBSA		15.00%	505	30/09/2016	2 175 239.93		2 175 239.93		-175 459.83	1 999 780.10	-	(202 031)	1 797 749.32
DBSA		16.50%	506	30/09/2016	33 723.52		33 723.52		-2 720.22	31 003.30	-	(3 132)	27 871.14
DBSA		16.50%	507	30/09/2016	391 465.58		391 465.58		-31 576.50	359 889.08	-	(36 358)	323 530.75
DBSA		16.50%	508	30/09/2016	423 261.85		423 261.85		-34 141.27	389 120.58	-	(39 311)	349 809.10
DBSA		16.50%	509	30/09/2016	636 149.52		636 149.52		-51 313.27	584 836.25	-	(59 084)	525 752.31
DBSA (LALF)		16.19%	512	30/09/2016	52 822.35		52 822.35		-4 260.77	48 561.58	-	(4 906)	43 655.57
DBSA (LALF)		16.19%	514	30/09/2016	75 349.19		75 349.19		-6 077.84	69 271.35	-	(6 998)	62 273.12
DBSA (LALF)		16.50%	515	30/09/2016	311 159.43		311 159.43		-25 098.82	286 060.61	-	(28 900)	257 160.91
DBSA (LALF)		10.25%	521	30/09/2016	134 750.09		134 750.09		-10 869.26	123 880.83	-	(12 515)	111 365.58
DBSA (LALF)		15.50%	522	30/09/2016	287 156.52		287 156.52		-23 162.70	263 993.82	-	(26 670)	237 323.44
DBSA (LALF)		16.00%	523	30/09/2016	546 279.05		546 279.05		-44 064.12	502 214.93	-	(50 737)	451 477.91
DBSA (LALF)		16.00%	524	30/09/2016	6 092 106.97		6 092 106.97		-491 403.27	5 600 703.70	-	(565 820)	5 034 884.20
DBSA		15.25%	525	30/09/2016	2 943 003.32		2 943 003.32		-237 389.38	2 705 613.94	-	(273 339)	2 432 275.25
DBSA		15.25%	526	30/09/2016	3 573 155.14		3 573 155.14		-288 218.84	3 284 936.30	-	(331 866)	2 953 070.71
DBSA (LALF) @ 8.5%		8.50%	148		-	-	-			-	-	-	-
DBSA (L	430 920	15.22%	486	30/09/2007							-	-	-
DBSA (LALF)		15.22%	487		-	-	-			-	-	-	-
DBSA (LALF)		15.22%	488		-	-	-			-	-	-	-
DBSA (L	449 158	15.22%	491	30/09/2007							-	-	-
DBSA (LALF)		15.22%	493		-	-	-			-	-	-	-
DBSA (LALF) @ 15.57%		15.57%	510		-	-	-			-	-	-	-
DBSA (LALF) @ 15.57%		15.57%	511		-	-	-			-	-	-	-
DBSA	6 128 561	11.185%	531	30/09/2024	5 705 396	-	5 705 396	-	(149 400)	5 555 996	-	(166 578)	5 389 417
DBSA	1 600 000	8.995%	538 - 542	31/03/2013	1 333 634	-	1 333 634	-	(290 865)	1 042 769	-	(317 616)	725 152
DBSA		8.995%	538	31/03/2013	97 540	-	97 540		(21 402)	76 138	-	(23 371)	52 768
DBSA		8.995%	539	31/03/2013	343 754	-	343 754		(75 426)	268 328	-	(82 363)	185 965
DBSA		8.995%	540	31/03/2013	74 875	-	74 875		(16 429)	58 446	-	(17 940)	40 506
DBSA		8.995%	541	31/03/2013	399 886	-	399 886		(87 743)	312 144	-	(95 813)	216 331
DBSA		8.995%	542	31/03/2013	343 754	-	343 754		(75 426)	268 328		(82 363)	185 965
Correction					73 824	-	73 824		(14 439)	59 385		(15 767)	43 618
DBSA	6 000 000	9.265%	543 - 546	31/03/2016	5 465 112	-	5 465 112	-	(585 592)	4 879 520	-	(641 105)	4 238 415
DBSA		9.265%	543	31/03/2016	1 271 792	-	1 271 792		(142 924)	1 128 867	-	(156 432)	972 435
DBSA		9.265%	544	31/03/2016	2 985 650	-	2 985 650		(319 830)	2 665 820	-	(350 149)	2 315 671
DBSA		9.265%	545	31/03/2016	854 330	-	854 330		(91 518)	762 812	-	(100 193)	662 618
DBSA		9.265%	546	31/03/2016	427 165	-	427 165		(45 759)	381 406	-	(50 097)	331 309
Correction					(73 824)	-	(73 824)		14 439	(59 385)		15 767	(43 618)
DBSA	20 000 000	11.180%	548	30/06/2017	-	-	-	-	-	20 000 000		-	20 000 000
Total DB	**66 841 199**				**38 595 864**	**0**	**38 595 864**	**0**	**(3 130 476)**	**55 465 388**	**0**	**(3 548 633)**	**51 916 756**

APPENDIX A (continued)

KOUGA LOCAL MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance previously reported as at 30/06/2009	Corrections	Restated balances at 30/06/2009	Received during the year	Written off during the year	Balance at 30/06/2010	Received during the year	Written off during the year	Balance at 30/06/2011
INCA													
Inca Rede	4 000 000	15.50%	379	30/06/2011	4 000 000	-	4 000 000	-	-	4 000 000	-	(4 000 000)	-
Inca Rede	7 677 130	15.50%	380	30/06/2011	7 677 130	-	7 677 130	-	-	7 677 130	-	-	7 677 130
INCA	4 000 000	15.20%	381	31/12/2012	2 027 611	-	2 027 611	-	(477 657)	1 549 954	-	(265 534)	1 284 419
Inca Rede	4 500 000	15.50%	517	30/06/2011	4 500 000	-	4 500 000	-	-	4 500 000	-	-	4 500 000
Inca Rede	3 500 000	15.50%	518	30/06/2011	3 500 000	-	3 500 000	-	-	3 500 000	-	-	3 500 000
INCA	5 000 000	13.00%	530	30/06/2013	2 748 075	-	2 748 075	-	(566 759)	2 181 317	-	(309 414)	1 871 903
INCA - B	13 000 000	11.160%	532	30/06/2016	11 103 179	-	11 103 179	-	(1 118 792)	9 984 387	-	(602 320)	9 382 067
Total IN	**41 677 130**				**35 555 995**	**-**	**35 555 995**	**-**	**(2 163 208)**	**33 392 787**	**-**	**(5 177 269)**	**28 215 519**
Total An	**109 714 407**				**74 320 632**	**-**	**74 320 632**	**-**	**(5 313 593)**	**89 007 039**	**-**	**(8 756 731)**	**80 250 308**
CAPITALISED LEASE LIABILITIES:													
Wesbank													
Wesbank	922 982	14.00%	533	28/02/2011	578 449	-	578 449	-	(186 849)	391 600	-	(215 899)	175 701
Wesbank	107 520	15,409%	534	30/06/2010	50 821	-	50 821	-	(23 774)	27 047	-	(27 047)	0
Wesbank	133 046	14,489%	535	31/08/2010	67 655	-	67 655	-	(28 871)	38 784	-	(32 986)	5 798
Wesbank	119 350	14.00%	536	31/07/2008	82 867	-	82 867	-	(23 331)	59 536	-	(27 132)	32 404
Wesbank	119 350	14.00%	537	31/08/2011	84 986	-	84 986	-	(23 164)	61 822	-	(26 981)	34 841
Wesbank	420 215	14.00%	547	31/07/2012	321 240	-	321 240	-	(63 706)	257 534	-	(75 540)	181 994
Total We	**1 822 463**				**1 186 018**	**-**	**1 186 018**	**-**	**(349 696)**	**836 322**	**-**	**(405 584)**	**430 738**
Operating leases reclassified as finance leases					6 275 019		6 275 019			6 275 019			
Total cap	**1 822 463**				**7 461 038**	**-**	**7 461 038**	**-**	**(349 696)**	**7 111 341**	**-**	**(405 584)**	**430 738**
TOTAL I	**111 536 870**				**86 484 955**	**-**	**86 484 955**	**-**	**(54 398 320)**	**81 431 973**	**20 000 000**	**(5 719 177)**	**89 437 777**

APPENDIX B
KOUGA LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Asset Code	Historical Cost Opening Balance	Historical Cost Additions	Historical Cost Closing Balance	Cost / Revaluation Opening Balance	Cost / Revaluation Additions	Under Construction Balance b/f	Under Construction Added	Under Construction Completed	Under Construction	Transfers	Disposals	Closing Balance	Accumulated Depreciation / Impairment Opening Balance	Accumulated Depreciation / Impairment Closing Balance	Carrying Value
		R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings																
Buildings: Let-out		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carports		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farms		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flats Block		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hostels: Public and Tourist		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hostels: Workers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Houses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Houses: Selling Schemes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land		37 366 490	-	37 366 490	37 366 490	-	-	-	-	-	-	-	37 366 490	-	-	37 366 490
Office Buildings		2 757 140	443 660	3 200 800	2 757 140	443 660	234 347	1 459 179	-	1 693 526	-	-	4 894 326	7 203 749	7 203 749	(2 309 423)
Office Parks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shopping Centres		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops and Depots		2 128 222	-	2 128 222	2 128 222		-	-	-	-	-	-	2 128 222	1 889 072	1 889 072	239 149
		42 251 851	443 660	42 695 511	42 251 851	443 660	234 347	1 459 179	-	1 693 526	-	-	44 389 038	9 092 822	9 092 822	35 296 216
Infrastructure																
Airports:																
Aprons		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Radio Beacons		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Runways		50 000	-	50 000	50 000	-	-	-	-	-	-	-	50 000	26 788	26 788	23 212
Taxiways		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity:																
Cooling Towers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Load Control Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mains		13 714 930	980 000	14 694 930	13 714 930	980 000	-	-	-	-	-	-	14 694 930	132 699	132 699	14 562 232
Meters		360 076	-	360 076	360 076	-	-	-	-	-	-	-	360 076	169 682	169 682	190 393
Power Stations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supply and Reticulation		47 691 310	-	47 691 310	47 691 310	-	1 010 470	3 345 560	-	4 356 030	-	-	52 047 340	30 018 810	30 018 810	21 046 414
Switchgear Equipment		34 163	-	34 163	34 163	-	-	-	-	-	-	-	34 163	23 969	23 969	10 194
Transformer Kiosks		-	-	-	-	-	621 950	3 300 946	-	3 922 896	-	-	3 922 896	-	-	3 922 896
Gas:																
Mains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meters		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage Tanks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supply and Reticulation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pedestrian Malls:																
Footways		1 561 901	-	1 561 901	1 561 901	-	-	-	-	-	-	-	1 561 901	1 291 424	1 291 424	270 477
Kerbing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paving		6 095 104	-	6 095 104	6 095 104	-	-	-	-	-	-	-	6 095 104	88 486	88 486	6 006 618
Roads:																
Bridges, Subways and Culverts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus Stops		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus Terminals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Car Parks		1 441 618	-	1 441 618	1 441 618	-	992 732	8 713 631	-	9 706 363	-	-	11 147 981	946 883	946 883	10 201 098
Motorways		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overhead Bridges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads: Gravel		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads: Other		32 381 623	-	27 766 263	32 381 623	-	6 006 618	2 785 217	-	8 791 835	######	-	36 558 097	26 999 852	26 999 852	9 558 245
Roads: Tarred		-	-	-	-	-	5 624 625	6 801 009	-	12 425 634	-	-	12 425 634	-	-	12 425 634
Stormwater		-	-	175 146	-	-	175 146	430 955	-	606 101	175 146	-	781 247	-	-	781 247
Stormwater Drains		2 663 863	-	2 488 717	2 663 863	-	-	-	-	-	######	-	2 488 717	1 278 650	1 278 650	1 210 066
Street Lighting		672 984	37 689	710 674	672 984	37 689	1 001 263	1 007 828	-	2 009 090	-	-	2 719 764	352 198	352 198	2 367 567
Streetname Signs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Islands		33 885	-	4 649 245	33 885	-	-	-	-	-	######	-	4 649 245	33 885	33 885	4 615 360
Traffic Lights		150 309	-	150 309	150 309	-	-	-	-	-	-	-	150 309	140 109	140 109	10 200
Sanitation:																
Compacting Stations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tip Sites		7 166 503	-	7 166 503	7 166 503	-	-	-	-	-	-	-	7 166 503	-	-	7 166 503

Security Measures:																
Access Control		83 017	-	83 017	83 017	-	-	-	-		-	-	-	83 017	1 139	1 139	81 878
Fencing		1 408 388	842	1 409 230	1 408 388	842	-	-	-		-	-	-	1 409 230	613 263	613 263	795 967
Security Systems		390 971	82 054	473 024	390 971	82 054	-	-	-		-	-	-	473 024	107 003	107 003	366 021
Sewerage:																
Outfall Sewers			-	6 015 842	-	-	6 015 842	2 071 782	-	8 087 624	######	-	14 103 466	-	-	14 103 466

Pumping Stations	4 825 664	-	4 825 664	4 825 664	-	6 527 541	3 335 414	-	9 862 956	-	-	14 688 620	3 083 590	3 083 590	11 605 030
Pumps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purification Works	-	-	10 427 047	-	-	10 046 547	2 755 770	-	12 802 317	######	-	23 229 364	1 858 665	1 858 665	21 370 699
Sewers	57 443 835	-	41 000 946	57 443 835	-	7 832 835	1 034 942	-	8 867 777	######	-	49 868 723	29 947 931	29 947 931	19 920 792
Sludge Machines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water:															
Boreholes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk Supply	-	-	-	-	-	15 564 882	452 895	-	16 017 777	-	-	16 017 777	-	-	16 017 777
Mains	10 106 073	-	10 106 073	10 106 073	-	-	-	-	-	-	-	10 106 073	63 919	63 919	10 042 154
Meters	235 775	-	235 775	235 775	-	-	-	-	-	-	-	235 775	125	125	235 650
Pumping Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purification Plant	7 996 984	-	7 996 984	7 996 984	-	3 244 827	154 961	-	3 399 789	-	-	11 396 773	-	-	11 396 773
Reservoirs and Tanks	1 900 522	-	1 900 522	1 900 522	-	2 024 980	1 960 396	-	3 985 376	-	-	5 885 898	1 126 158	1 126 158	4 759 740
Supply and Reticulation	34 986 084	-	34 986 084	34 986 084	-	6 059 735	69 091	-	6 128 826	-	-	41 114 910	23 904 784	23 904 784	17 210 126
Water Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	233 395 581	1 100 585	234 496 166	233 395 581	1 100 585	72 749 994	38 220 396	-	110 970 390	-	-	345 466 556	122 210 012	122 210 012	222 274 429
Community Assets															
Recreational Facilities:															
Aquariums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Basketball Courts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beach Developments	3 333 744	-	3 333 744	3 333 744	-	-	-	-	-	-	-	3 333 744	2 290 986	2 290 986	1 042 758
Bowling Greens	102 081	-	102 081	102 081	-	-	-	-	-	-	-	102 081	102 081	102 081	-
Cable Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Caravan Parks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cinemas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Theatres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Floodlighting	22 264	-	22 264	22 264	-	-	-	-	-	-	-	22 264	-	-	22 264
Fountains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Game Reserves and Rest Camps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Golf Courses	1 964 882	-	1 964 882	1 964 882	-	-	-	-	-	-	-	1 964 882	1 964 112	1 964 112	769
Indoor Sports Facilities	38 000	-	38 000	38 000	-	-	-	-	-	-	-	38 000	38 000	38 000	-
Jukskei Pitches	26 000	-	26 000	26 000	-	-	-	-	-	-	-	26 000	26 000	26 000	-
Lakes and Dams	56 438	-	56 438	56 438	-	-	-	-	-	-	-	56 438	56 438	56 438	-
Museums and Art Galleries	1 688 440	-	1 688 440	1 688 440	-	-	-	-	-	-	-	1 688 440	1 466 581	1 466 581	221 859
Organ and Case	5 440	-	5 440	5 440	-	-	-	-	-	-	-	5 440	5 440	5 440	-
Outdoor Sports Facilities	1 701 702	-	1 701 702	1 701 702	-	1 654 203	-	-	1 654 203	-	-	3 355 905	1 674 824	1 674 824	1 681 080
Parks	1 095 106	-	1 095 106	1 095 106	-	1 602 980	-	-	1 602 980	-	-	2 698 086	2 652 272	2 652 272	45 814
Recreation Centres	2 217 997	13 982	2 231 979	2 217 997	13 982	3 510 650	-	-	3 510 650	-	-	5 742 629	523 654	523 654	5 218 975
Soccer Fields	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	17 000	-	17 000	17 000	-	-	-	-	-	-	-	17 000	17 000	17 000	-
Tennis Courts	251 966	-	251 966	251 966	-	-	-	-	-	-	-	251 966	251 966	251 966	-
Zoos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Facilities:															
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulance Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Care Centres	1 211 068	-	1 211 068	1 211 068	-	-	-	-	-	-	-	1 211 068	1 211 068	1 211 068	-
Cemeteries	339 340	-	339 340	339 340	-	-	-	-	-	-	-	339 340	302 496	302 496	36 844
Clinics and Hospitals	629 505	-	629 505	629 505	-	2 507 609	308 332	-	2 815 941	-	-	3 445 447	1 006 915	1 006 915	2 438 532
Community Centres	24 232 600	-	24 232 600	24 232 600	-	-	2 162 468	-	2 162 468	-	-	26 395 068	4 934 474	4 934 474	21 460 594
Fire Stations	202 383	-	202 383	202 383	-	-	-	-	-	-	-	202 383	108 881	108 881	93 502
Libraries	2 124 825	-	2 124 825	2 124 825	-	-	-	-	-	-	-	2 124 825	1 974 413	1 974 413	150 412
Markets	129 840	-	129 840	129 840	-	-	-	-	-	-	-	129 840	129 840	129 840	-
Nurseries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Old Age Homes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Conveniences/Bathrooms	2 027 355	-	2 027 355	2 027 355	-	-	-	-	-	-	-	2 027 355	1 980 141	1 980 141	47 214
Training Centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Testing Centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	43 417 975	13 982	43 431 957	43 417 975	13 982	9 275 442	2 470 800	-	11 746 242	-	-	55 178 199	22 717 582	22 717 582	32 460 617
Heritage Assets															
Museum Exhibits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Historical Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Statues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Housing																
Housing Schemes		2 018 416	-	2 018 416	2 018 416	-	1 444 194	(42 284)	-	1 401 910	-	-	3 420 325	1 759 324	1 759 324	1 661 001
		2 018 416	**-**	**2 018 416**	**2 018 416**	**-**	**1 444 194**	**(42 284)**	**-**	**1 401 910**	**-**	**-**	**3 420 325**	**1 759 324**	**1 759 324**	**1 661 001**

Leased Assets															
Motor Cars	-	21 626 635	21 626 635	-	21 626 635	-	-	-	-	-	-	21 626 635	-	-	21 626 635
Office Machines	10 933 033	-	4 720 709	10 933 033	-	-	-	-	-	-	(6 212 323)	4 720 709	5 804 517	5 804 517	(1 083 808)
	10 933 033	**21 626 635**	**26 347 344**	**10 933 033**	**21 626 635**	**-**	**-**	**-**	**-**	**-**	**(6 212 323)**	**26 347 344**	**5 804 517**	**5 804 517**	**20 542 827**
Other Assets															
Aircraft:															
Aircraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers:															
Bulk Containers	6 700	-	6 700	6 700	-	-	-	-	-	-	-	6 700	-	-	6 700
Household Refuse Bins	262 591	-	262 591	262 591	-	-	-	-	-	-	-	262 591	233 492	233 492	29 099
Emergency Equipment:															
Ambulance Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Lights	72 383	-	72 383	72 383	-	-	-	-	-	-	-	72 383	-	-	72 383
Fire Equipment	430 923	-	430 923	430 923	-	-	-	-	-	-	-	430 923	318 260	318 260	112 663
Fire Hoses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings:															
Cabinets and Cupboards	400 624	406 619	807 243	400 624	406 619	-	-	-	-	-	-	807 243	86 924	86 924	720 319
Chairs	417 546	190 218	607 764	417 546	190 218	-	-	-	-	-	-	607 764	199 863	199 863	407 901
Kitchenware	1 800	-	1 800	1 800	-	-	-	-	-	-	-	1 800	887	887	913
Other Furniture	1 476 593	542 088	2 018 681	1 476 593	542 088	-	945 202	-	945 202	-	-	2 963 883	425 617	425 617	2 538 266
Tables and Desks	398 859	38 702	437 561	398 859	38 702	-	-	-	-	-	-	437 561	143 809	143 809	293 752
Motor Vehicles:															
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Engines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor Cars	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor Cycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trucks and Bakkies	2 208 533	-	2 208 533	2 208 533	-	-	-	-	-	-	-	2 208 533	1 109 563	1 109 563	1 098 970
Trailers	257 196	-	257 196	257 196	-	-	-	-	-	-	-	257 196	152 258	152 258	104 938
Vehicles	13 187 039	10 290 478	23 477 517	13 187 039	10 290 478	-	261 271	-	261 271	-	-	23 738 788	2 764 725	2 764 725	20 974 063
Office Equipment:															
Air Conditioners	241 519	281 658	523 177	241 519	281 658	-	-	-	-	-	-	523 177	70 861	70 861	452 317
Computer Hardware	3 677 504	475 658	4 153 163	3 677 504	475 658	-	-	-	-	-	-	4 153 163	1 674 439	1 674 439	2 478 724

Office Machines	287 511	4 551	292 062	287 511	4 551	-	-	-	-	-	-	292 062	268 527	268 527	23 536
Plant and Equipment:															
Aparatus	41 890	-	41 890	41 890	-	-	-	-	-	-	-	41 890	4 943	4 943	36 947
Cable Cars	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canopies	7 500	-	7 500	7 500	-	-	-	-	-	-	-	7 500	-	-	7 500
Compactor	20 600	-	20 600	20 600	-	-	-	-	-	-	-	20 600	-	-	20 600
Compressors	4 647	-	4 647	4 647	-	-	-	-	-	-	-	4 647	-	-	4 647
Conveyors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cremators	32 459	-	32 459	32 459	-	-	-	-	-	-	-	32 459	32 459	32 459	-
Electrical Equipment	847 972	22 080	870 052	847 972	22 080	-	-	-	-	-	-	870 052	153 767	153 767	716 284
Equipment	95 815	-	95 815	95 815	-	-	-	-	-	-	-	95 815	-	-	95 815
Farm Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feeders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Arms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generators	56 805	-	56 805	56 805	-	-	-	-	-	-	-	56 805	-	-	56 805
Graders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hoist (Refuse)	433 624	-	433 624	433 624	-	-	-	-	-	-	-	433 624	-	-	433 624
Irrigation Systems	219 746	-	219 746	219 746	-	-	-	-	-	-	-	219 746	219 746	219 746	-
Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lathes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lawnmowers	966 696	-	966 696	966 696	-	-	-	-	-	-	-	966 696	650 086	650 086	316 610
Manufacturing Equipment	62 500	-	62 500	62 500	-	-	-	-	-	-	-	62 500	62 500	62 500	-
Mechanical Horses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Milling Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Plant and Equipment	1 916 202	189 043	2 105 245	1 916 202	189 043	-	-	-	-	-	-	2 105 245	1 553 848	1 553 848	551 397
Pulverising Mills	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pumps	4 429 321	-	4 429 321	4 429 321	-	-	-	-	-	-	-	4 429 321	5	5	4 429 316
Radio Equipment	160 067	2 350	162 417	160 067	2 350	-	-	-	-	-	-	162 417	91 604	91 604	70 813
Telecommunication Equipment	14 309	18 523	32 832	14 309	18 523	-	-	-	-	-	-	32 832	-	-	32 832
Tip sites	428 495	-	428 495	428 495	-	-	-	-	-	-	-	428 495	373 564	373 564	54 930
Tools	145 394	62 364	207 757	145 394	62 364	-	-	-	-	-	-	207 757	-	-	207 757
Town Planning Equipment	1 390 352	-	1 390 352	1 390 352	-	-	-	-	-	-	-	1 390 352	1 325 877	1 325 877	64 475
Tractors	1 694 300	-	1 694 300	1 694 300	-	-	-	-	-	-	-	1 694 300	395 794	395 794	1 298 506
Transport Facilities	61 943	-	61 943	61 943	-	-	-	-	-	-	-	61 943	61 943	61 943	-
Watercraft:															
Watercraft	585 587	2 524	588 111	585 587	2 524	-	-	-	-	-	-	588 111	489 183	489 183	98 927
Other Assets:															
Asphalt Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kilns	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	36 943 543	12 526 856	49 470 400	36 943 543	12 526 856	-	1 206 473	-	1 206 473	-	-	50 676 873	12 864 546	12 864 546	37 812 326
Total (PPE)	368 960 398	35 711 719	398 459 794	368 960 398	35 711 719	83 703 977	43 314 564	-	127 018 541	-	(6 212 323)	525 478 335	174 448 803	174 448 803	350 047 416

KOUGA LOCAL MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 June 2010

Description	Asset	Historical Cost			Cost / Revaluation									ccumulated Depreciation / Impairm		Carrying
							Under Construction									
	Code	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Balance b/f	Added	Completed	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Closing Balance	Value
		R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment Properties																
Land		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Caravan Parks		1 253 812	-	1 253 812	1 253 812	-	-	-	-	-	-	-	1 253 812	1 176 854	1 176 854	76 958
		1 253 812	-	1 253 812	1 253 812	-	-	-	-	-	-	-	1 253 812	1 176 854	1 176 854	76 958

KOUGA LOCAL MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 June 2010

Description	Asset	Historical Cost			Cost / Revaluation									ccumulated Depreciation / Impairm		Carrying
							Under Construction									
	Code	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Balance b/f	Added	Completed	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Closing Balance	Value
		R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets																
Computer Software		442 457	101 867	544 324	442 457	101 867	-	10 500	-	10 500	-	-	554 824	70 111	70 111	484 713
Servitudes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Geographical Information System		-	-	-	-	-	-	41 021	-	41 021	-	-	41 021	-	-	41 021
SMME Plan		-	-	-	-	-	-	4 166	-	4 166	-	-	4 166	-	-	4 166
		442 457	101 867	544 324	442 457	101 867	-	55 687	-	55 687	-	-	600 011	70 111	70 111	529 900
														1 461 427.11		
Total Asset Register		370 656 668	35 813 585	400 257 930	370 656 668	35 813 585	83 703 977	43 370 251	-	127 074 228	-	(6 212 323)	527 332 158	175 695 768	175 695 768	350 654 274

APPENDIX C

KOUGA LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Asset Code	Historical Cost Opening Balance	Historical Cost Additions	Historical Cost Transfers	Historical Cost Disposals	Historical Cost Closing Balance	Cost / Revaluation Under Construction Balance b/f	Cost / Revaluation Under Construction Added	Cost / Revaluation Under Construction	Cost / Revaluation Transfers	Cost / Revaluation Disposals	Cost / Revaluation Closing Balance	Carrying Value
		R	R	R	R	R	R	R	R	R	R	R	R
Finance and Administration		104 415 657	5 615 159			110 030 816	234 347	2 665 652	2 899 999	-	-	112 930 816	90 646 820
Planning and Development		19 261 085	786 175			20 047 260	-	-	-	-	-	20 047 260	13 980 336
Community and Social Services		30 065 028	231 457			30 296 485	-	2 162 468	2 162 468	-	-	32 458 953	21 047 907
Public Safety		705 689	18 600			724 289	-	-	-	-	-	724 289	297 148
Sport and Recreation		12 535 042	31 360			12 566 402	6 767 833	-	6 767 833	-	-	19 334 235	8 264 881
Waste Management		72 294 172	9 228 207			81 522 379	30 422 765	9 197 908	39 620 674	-	-	121 143 053	85 217 557
Roads and Transport		37 659 237	277 307			37 936 544	13 800 384	19 738 639	33 539 023	-	-	71 475 567	41 692 259
Water		55 225 437	4 445 796			59 671 233	26 894 425	2 637 343	29 531 768	-	-	89 203 002	64 108 017
Electricity		63 650 531	2 917 228			66 567 759	1 632 420	6 646 506	8 278 926	-	-	74 743 265	44 244 337
Total PPE		**398 459 799**	**23 551 289**			**422 011 088**	**83 703 977**	**43 314 564**	**127 018 541**	**-**	**-**	**548 926 210**	**373 598 795**
						-							
Investment assets		1 253 812				1 253 812	-	-	-	-	-	1 253 812	76 958
Intangible assets		544 324	10 603			554 927	-	55 687	55 687	-	-	610 614	540 503
Total Assets Register		**400 257 935**	**23 561 892**			**423 819 827**	**83 703 977**	**43 370 251**	**127 074 228**	**-**	**-**	**550 790 637**	**374 216 256**

APPENDIX D
KOUGA LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)	Description	2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)
R	R	R		R	R	R
	20 551 429.00	(20 551 429)	Executive and Council	346 057	-27 627 057	-27 281 000
146 169 316.00	73 065 100.00	73 104 216	Finance and Admin	160 037 785	-103 958 849	56 078 936
2 279 155.00	20 875 198.00	(18 596 043)	Planning and development	1 649 900	-11 805 905	-10 156 006
819 740.00	1 682 976.00	(863 236)	Health	2 976 117	-4 013 842	-1 037 725
2 280 461.00	32 774 668.00	(30 494 207)	Community and Social Services	82 247	-5 990 219	-5 907 971
	3 936 389.00	(3 936 389)	Housing	20 393.41	-3 280 572	-3 260 178
9 336 499.00	24 861 303.00	(15 524 804)	Public Safety	7 199 724	-20 299 071	-13 099 347
0.00	619 242.00	(619 242)	Sport and Recreation	1 633 610	-8 172 628	-6 539 018
10 069 473.00	4 706 802.00	5 362 671	Environmental Protection	1 262 016	-18 051 716	-16 789 699
16 769 729.00	24 317 992.00	(7 548 263)	Waste Management	25 923 290	-28 195 822	-2 272 533
45 069 889.00	24 854 123.00	20 215 766	Waste Water Management	22 140 009	-20 498 904	1 641 105
370 816.00	16 413 628.00	(16 042 812)	Road Transport	-150 007	-17 456 537	-17 606 544
32 076 274.00	36 756 882.00	(4 680 608)	Water	32 562 058	-34 773 536	-2 211 478
129 809 539.00	114 891 617.00	14 917 922	Electricity	111 238 455	-93 335 095	17 903 360
		0				
395 050 891.00	**400 307 349**	**(5 256 458)**	Sub-Total	**366 921 654**	**-397 459 752**	**-30 538 098**
0.00	0					

APPENDIX E(1)
KOUGA LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/2011 Actual	2010/2011 Budget	2010/2011 Variance	2010/2011 Variance	Explanation of Significant Variances Greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Property Rates	89 759 515	103 017 493	(13 257 978)	-14.77%	Over budget
Service Charges	221 445 517	220 450 969	994 548	0.45%	
Rental of Facilities and Equipment	605 790	398 631	207 159	34.20%	Under budget
Interest Earned - External investments	894 428	661 875	232 553	26.00%	Under budget
Interest Earned - Outstanding debtors	4 705 899	5 702 634	(996 735)	-21.18%	
Interest Earned - Fair value adjustment of rates	-	-	-		
Fines	2 421 948	2 063 215	358 733	14.81%	Under budget
Licences and Permits	6 461 125	7 059 373	(598 248)	-9.26%	
Government Grants and Subsidies		42 320 232		30.06%	Exclude revenue recognized on Capital expenditure (Capital grant funded projects)
	60 505 328		18 185 096		
Other Income	8 251 341	6 343 807	1 907 534	23.12%	Under budget
Gains on Disposal of Property, Plant and Equipment	-	-	-		
Budgeted Income from non-GRAP compliant reserves	-	-	-		
			-		
Total Revenue	**395 050 891**	**388 018 229**	**7 032 662**	**1.78%**	
EXPENDITURE					
Employee Related Costs	173 267 031	166 757 381	6 509 650	3.76%	
Remuneration of Councillors	7 134 032	6 699 696	434 336	6.09%	
Bad Debts	3 938 824	-	3 938 824	100.00%	Provision for doubtful debts not budgeted for.
Collection costs	40 181	235 176	(194 995)	-485.29%	Over budget
Contracted services	176 920	56 818	120 102	67.88%	Under budget
Depreciation	-	-	-	-	
Impairment Losses	-	-	-		
Repairs and Maintenance	16 365 545	26 433 876	(10 068 331)	-61.52%	Over budget
Interest Paid	13 537 057	7 896 712	5 640 345	41.67%	Under budget
Bulk Purchases	114 082 124	98 985 897	15 096 227	13.23%	Under budget
Grants and Subsidies Paid	14 533 959	11 907 349	2 626 610	18.07%	Under budget
General Expenses	57 231 676	54 881 301	2 350 375	4.11%	
Budgeted Expenditure on non-GRAP compliant items	-	-	-		
Total Expenditure	**400 307 349**	**373 854 206**	**26 453 143**	**7.08%**	
NET SURPLUS / (DEFICIT) FOR THE YEAR	**(5 256 458)**	**14 164 023**	**(19 420 481)**		

APPENDIX E(2)
KOUGA LOCAL MUNICIPALITY : ACTUAL VERSUS BUDGET
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/2011 Actual	2010/2011 Under Construction	2010/2011 Total Additions	2010/2011 Budget	2010/2011 Variance	2010/2011 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive and Council							
Finance and Administration	5 615 159		5 615 159		5 615 159		
Planning and Development	786 175		786 175		786 175		Insufficient realistic anticipated income provisions or project still in progress.
Health					0		
Community and Social Services	231 457		231 457	1 500 000	(1 268 543)	0%	Insufficient realistic anticipated income provisions or project still in progress.
Housing					0		
Public Safety	18 600		18 600	2 700 000	(2 681 400)	0%	Had not commenced
Sport and Recreation	31 368		31 368	500 000	(468 632)	-94%	Insufficient realistic anticipated income provisions or project still in progress.
Waste Water Management				16 320 000	(16 320 000)		
Waste Management	9 228 207		9 228 207	3 000 000	6 228 207	208%	Insufficient realistic anticipated income provisions or project still in progress.
Roads and Transport	277 307		277 307	1 500 000	(1 222 693)	0%	
Water	4 445 796		4 445 796	8 997 800	(4 552 004)	-51%	Insufficient realistic anticipated income provisions or project still in progress.
Electricity	2 917 228		2 917 228	5 350 000	(2 432 772)	-45%	
Other					-	0%	
Total	**23 551 297**	**-**	**23 551 297**	**39 867 800**	**(16 316 503)**	**-41%**	