



**INKWANCA LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

**2010/2011**

**Inkwanca Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**General information**

**Members of the Council**

M N Qamngwana	<b>Mayor / Speaker</b>
K J Jonga	Councillors
N Yaliwe	Councillors
N N Cwebi	Councillors
G X Mkhubukeli-Lufele	Councillors
C H Guba	Councillors
C M Botha	Councillors

**Municipal Manager**

N.A. Ncube

**Chief Financial Officer**

Z. Folose

**Grading of Local Authority**

Inkwanca Municipality is a Grade 2 Local Authority

**Auditors**

Auditor-General, East London

**Bankers**

Standard Bank  
P. O. Box 14  
Molteno  
5500

**Inkwanca Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**General information (continued)**

<b>Registered Office:</b>	<b>Molteno</b>
<b>Physical address:</b>	<b>39 Smith Street Molteno 5500</b>
<b>Postal address:</b>	<b>P.O. Box 1 Molteno 5500</b>
<b>Telephone number:</b>	<b>045 - 967 0021</b>
<b>Fax number:</b>	<b>045 - 967 0467</b>
<b>E-mail address:</b>	<b><a href="mailto:zanelef@lgnet.org.za">zanelef@lgnet.org.za</a></b>

**Inkwanca Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 37, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

*31 August 2011*

**Inkwanca Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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**Inkwanca Local Municipality**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2011

	Note	2011 R	2010 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	1 072 896	315 371
Trade and other receivables from exchange transactions	2	3 060 464	1 551 533
Other receivables from non-exchange transactions	3	166 713	2 758 797
Inventories	4	-	-
Investments	5	7 810	39 125
Current portion of receivables	6	-	-
VAT receivable	10	854 941	397 477
<b>Non-current assets</b>			
Non-current receivables	6	-	-
Property, plant and equipment	6	1 357 095	263 267
<b>Total assets</b>		<b>6 519 919</b>	<b>5 325 569</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	7	14 159 790	6 923 139
Consumer deposits	8	169 512	177 669
VAT payable	9	(0)	-
Current provisions	11	997 336	637 511
Bank overdraft	1	-	-
Current portion of unspent conditional grants and receipts	12	2 357 204	2 058 277
Current portion of borrowings	13	-	-
Current portion of finance lease liability	14	68 610	109 525
<b>Non-current liabilities</b>			
Non-current unspent conditional grants and receipts	12	1 656 183	-
Non-current borrowings	13	2 069 011	2 069 011
Non-current finance lease liability	14	38 822	91 988
<b>Total liabilities</b>		<b>21 516 467</b>	<b>12 067 120</b>
<b>Net assets</b>		<b>(14 996 549)</b>	<b>(6 741 551)</b>
<b>NET ASSETS</b>			
Accumulated surplus / (deficit)		(14 996 549)	(6 741 551)
<b>Total net assets</b>		<b>(14 996 549)</b>	<b>(6 741 551)</b>

**Inkwanca Local Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2011

	Note	2011 R	2010 R
<b>Revenue</b>			
Property rates	15	3 634 270	3 148 526
Property rates - penalties imposed and collection charges	15	-	-
Service charges	16	8 978 586	5 508 036
Rental of facilities and equipment	17	46 771	-
Interest earned - external investments	18	762	956
Interest earned - outstanding receivables	19	1 067 024	1 986 198
Fines		87 584	-
Licences and permits		-	-
Government grants and subsidies	20	23 656 932	22 344 291
Other income	21	1 036 771	2 012 538
<b>Total revenue</b>		<b>38 508 699</b>	<b>35 000 545</b>
<b>Expenses</b>			
Employee related costs	22	13 529 385	9 833 922
Remuneration of councillors	23	1 655 482	1 235 150
Bad debts impairment		10 481 402	4 863 423
Depreciation and amortisation expense	24	-	-
Repairs and maintenance		1 640 305	732 319
Finance costs	25	308 869	191 292
Bulk purchases	26	4 604 067	3 568 827
Grants and subsidies expensed	28	10 869 967	10 037 675
General expenses	29	3 674 217	2 884 422
<b>Total expenses</b>		<b>46 763 696</b>	<b>33 347 030</b>
<b>Surplus / (deficit) for the period</b>		<b>(8 254 996)</b>	<b>1 653 515</b>

**Inkwanca Local Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2011

	Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R
<b>Balance at 30 June 2009</b>		(8 395 066)	<b>(8 395 066)</b>
Correction of prior period error		-	-
<b>Restated balance</b>	-	<b>(8 395 066)</b>	(8 395 066)
Surplus / (deficit) for the period		1 653 515	1 653 515
<b>Balance at 30 June 2010</b>	-	<b>(6 741 551)</b>	<b>(6 741 551)</b>
Surplus / (deficit) for the period		(8 254 996)	(8 254 996)
<b>Balance at 30 June 2011</b>	-	<b>(14 996 549)</b>	<b>(14 996 549)</b>



**Inkwanca Local Municipality****CASH FLOW STATEMENT**

as at 30 June 2011

	Note	2011 R	2010 R
<b>CASH GENERATED BY OPERATIONS</b>	30	<b>1 155 204</b>	<b>(1 178 699)</b>
Interest income		1 067 786	1 987 154
Finance costs		(308 869)	(191 292)
		<b>1 914 120</b>	<b>617 162</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(1 093 828)	(263 267)
Proceeds from sale of fixed assets		-	-
Other		-	-
<b>Net cash flows from investing activities</b>		<b>(1 093 828)</b>	<b>(263 267)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase / (Decrease) borrowings and finance lease liability		(94 082)	144 083
Other			
<b>Net cash flows from financing activities</b>		<b>(94 082)</b>	<b>144 083</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>726 211</b>	<b>497 978</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>354 495</b>	<b>(143 483)</b>
<b>Net cash and cash equivalents at end of period</b>	31	<b>1 080 706</b>	<b>354 495</b>

**Inkwanca Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2011

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

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

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

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

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

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

**1.2 PRESENTATION CURRENCY**

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

**1.3 GOING CONCERN ASSUMPTION**

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

**1.4 COMPARATIVE INFORMATION**

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

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

**STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET**

**1.5 EFFECTIVE**

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

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 21 Impairment of non-cash-generating assets - issued March 2009
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 Employee Benefits - issued November 2009
- GRAP 26 Impairment of cash-generating assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 104 Financial Instruments - issued October 2009

## **2 PROPERTY, PLANT AND EQUIPMENT**

### **2.1 INITIAL RECOGNITION**

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

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

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

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

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

The municipality has elected to apply the transitional provision as contained in Directive 4 and 7 issued by the ASB.

### **2.2 SUBSEQUENT MEASUREMENT - COST MODEL**

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

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

## 2.3 DEPRECIATION AND IMPAIRMENT

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

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	0	Buildings	0
Electricity - Meters	0	Specialist vehicles	0
Electricity	0	Other vehicles	0
Water	0	Office equipment	0
Sewerage	0	Furniture and fittings	0
		Specialised plant and equipment	0
<b>Community</b>		Other items of plant and equipment	0
Buildings	0	Landfill sites	0
Recreational Facilities	0	Computer equipment	0
Halls	0		
Libraries	0		
<b>Heritage assets</b>			
Buildings	0		
Paintings and artifacts	0		
<b>Finance lease assets</b>			
Office equipment	0		
Other assets	0		

The municipality has applied Directive 4.

## 2.4 DERECOGNITION

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

## 3 INTANGIBLE ASSETS

### 3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

The municipality has elected to apply the transitional provision as contained in Directive 4 and 7 issued by the ASB.

### 3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

### 3.3 AMORTISATION AND IMPAIRMENT

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

Computer software

0

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

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

### 3.4 DERECOGNITION

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

## 4 INVESTMENT PROPERTY

### 4.1 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.

The municipality has elected to apply the transitional provision as contained in Directive 4 and 7 issued by the ASB.

#### 4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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

Investment property

0

### 5 INVENTORIES

#### 5.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, 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.

The municipality has elected to apply the transitional provision as contained in Directive 4 and 7 issued by the ASB.

#### 5.2 SUBSEQUENT MEASUREMENT

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

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

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

Unsold properties and land used for housing are valued at the lower of cost or current replacement cost. Unsold properties and land used for housing are classified as inventory where there is an intention to develop such land and to sell or transfer it to a third party.

### 6 FINANCIAL INSTRUMENTS

#### 6.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

#### 6.2 SUBSEQUENT MEASUREMENT

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

### **6.2.1 INVESTMENTS**

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### **6.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

### **6.2.3 TRADE PAYABLES AND BORROWINGS**

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

### **6.2.4 CASH AND CASH EQUIVALENTS**

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

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

## **7 UNAUTHORISED EXPENDITURE**

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

## **8 IRREGULAR EXPENDITURE**

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

## 9 FRUITLESS AND WASTEFUL EXPENDITURE

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

## 10 PROVISIONS

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

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least

- the business or part of a business concerned;
- the principal locations affected;

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

(b) The municipality 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.

## 11 LEASES

### 11.1 MUNICIPALITY AS LESSEE

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

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

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



## **11.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

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

## **12 REVENUE**

### **12.1 REVENUE FROM EXCHANGE TRANSACTIONS**

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

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

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

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

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

Interest revenue is recognised on a time proportion basis.

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

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

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

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

### **12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

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

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

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

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

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

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

### **12.3 GRANTS, TRANSFERS AND DONATIONS**

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

### **13 BORROWING COSTS**

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

### **14 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors. Defined Contribution plans are post-employment benefit plans, under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

### **15 CONSTRUCTION CONTRACTS AND RECEIVABLES**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### **16 IMPAIRMENT OF ASSETS**

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

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

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

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

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

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

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

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**1 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Cash on hand  
Cash at bank

2011 R	2010 R
-	-
1 072 896	315 371
1 072 896	315 371

The Municipality has the following bank accounts: -

**Current Account (Primary Bank Account)**

**Standard Bank - Molteno Branch - Acc No 280 66 1061**

Cash book balance at beginning of year  
Cash book balance at end of year

142 424	(164 864)
989 788	142 424

Bank statement balance at beginning of year  
Bank statement balance at end of year

142 424	(164 864)
997 335	142 424

**Current Account (Other Account)**

**Standard Bank - Molteno Branch - Acc No 280 67 0893**  
**Standard Bank - Molteno Branch - Acc No 280 66 1541**  
**Standard Bank - Molteno Branch - Acc No 280 66 1258**

Cash book balance at beginning of year  
Cash book balance at end of year

9 778	15 876
12 258	9 778

Bank statement balance at beginning of year  
Bank statement balance at end of year

9 778	15 876
12 258	9 778

**NATIS Account**

**Standard Bank - Molteno Branch - Acc No 280 66 0332**

Cash book balance at beginning of year  
Cash book balance at end of year

163 169	21 381
70 849	163 169

Bank statement balance at beginning of year  
Bank statement balance at end of year

163 169	21 381
67 525	163 169

**Cash on hand**

Total cash and cash equivalents

-	-
1 072 896	315 371

Total bank overdraft

-	-
-	-

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2010 R
<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Trade receivables</b>		
<b>as at 30 June 2011</b>		
Service debtors		
Rates	10 557 443	(10 043 017)
Electricity	2 883 297	(1 984 959)
Water	35 305 027	(33 394 135)
Sewerage	15 236 609	(14 389 979)
Refuse	8 867 496	(8 447 135)
Other	20 768 972	(20 301 370)
	<b>93 618 842</b>	<b>(88 560 594)</b>
Add: Credit Balances taken to Trade and other payables from exchange transactions	759 737	-
<u>Service debtors - Chris Hanani District Municipality (Water Service Authority)</u>		
Water	(35 305 027)	33 394 135
Sewerage	(15 236 609)	14 389 979
<b>Total</b>	<b>43 836 944</b>	<b>(40 776 480)</b>
<b>as at 30 June 2010</b>		
Service debtors		
Rates	9 053 096	(7 252 850)
Electricity	1 157 249	(1 154 786)
Water	8 589 653	(8 591 620)
Sewerage	13 398 895	(11 040 906)
Refuse	6 647 383	(6 580 909)
Other	14 935 701	(15 669 999)
	<b>53 781 976</b>	<b>(50 291 070)</b>
Add: Credit Balances taken to Trade and other payables from exchange transactions	416 648	-
<u>Service debtors - Chris Hanani District Municipality (Water Service Authority)</u>		
Water	(8 589 653)	8 591 620
Sewerage	(13 398 895)	11 040 906
<b>Total</b>	<b>32 210 076</b>	<b>(30 658 544)</b>
<b>Rates: Ageing</b>		
Current (0 – 30 days)		379 233
31 - 60 Days		132 624
61 - 90 Days		126 577
91 - 120 Days		129 363
121 - 365 Days		2 367 130
+ 365 Days		7 422 515
<b>Total</b>		<b>10 557 443</b>
<b>Electricity, Water and Sewerage: Ageing</b>		
Current (0 – 30 days)		2 750 420
31 - 60 Days		890 145
61 - 90 Days		927 569
91 - 120 Days		842 419
121 - 365 Days		27 341 529
+ 365 Days		20 672 849
<b>Total</b>		<b>53 424 932</b>
<b>Other Debtors: Ageing</b>		
Current (0 – 30 days)		171 026
31 - 60 Days		851 099
61 - 90 Days		840 663
91 - 120 Days		672 386
121 - 365 Days		4 793 373
+ 365 Days		22 307 923
<b>Total</b>		<b>29 636 468</b>

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

2011	2010
R	R

**2 Reconciliation of the doubtful debt provision**

Balance at beginning of the year	30 658 544	25 795 121
Contributions to provision	10 117 937	4 863 423
<b>Balance at end of year</b>	<b>40 776 480</b>	<b>30 658 544</b>

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

Other debtors	166 713	402 775
Chris Hanani District Municipality - Water Services Authority control account	-	2 356 022
Less: Provision for doubtful debts	-	-
<b>Total Other Debtors</b>	<b>166 713</b>	<b>2 758 797</b>

**4 INVENTORIES**

**Inventories:**

Consumable stores - at cost  
Water

-	-
-	-
-	-

The municipality has elected to apply the transitional provision as contained in Directive 4 and 7 issued by the ASB.

**5 INVESTMENTS**

Call investments	7 810	39 125
	<b>7 810</b>	<b>39 125</b>

The above investment is represented by funds in a Standard Bank account number 38 850 132 4 - 002

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**6 PROPERTY, PLANT AND EQUIPMENT**

6.1 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 1 July 2010</b>	-	-	-	-	-	263 267	-	263 267
Cost/Revaluation	-	-	-	-	-	263 267	-	263 267
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Acquisitions	-	-	35 389	919 841	-	138 598	-	1 093 828
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
<b>as at 30 June 2011</b>	-	-	35 389	919 841	-	401 865	-	1 357 095
Cost/Revaluation	-	-	35 389	919 841	-	401 865	-	1 357 095
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-

**Refer to Appendix B for more detail on property, plant and equipment**

The municipality has elected to apply the transitional provision as contained in Directive 4

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

6.2 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 1 July 2009</b>	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	263 267	-	263 267
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
<b>as at 30 June 2010</b>	-	-	-	-	-	<b>263 267</b>	-	<b>263 267</b>
Cost/Revaluation	-	-	-	-	-	263 267	-	263 267
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-

**Refer to Appendix B for more detail on property, plant and equipment**

[App B!A1](#)

The municipality has elected to apply the transitional provision as contained in Directive 4



**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2010 R
<b>7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	5 169 102	4 353 525
Transfer of credit balances from Trade and other receivables from exchange transactions	759 737	416 648
Chris Hani District Municipality - Water Services Authority control account (see note 43)	4 900 644	-
Other creditors	3 330 307	2 152 966
<b>Total creditors</b>	<b>14 159 790</b>	<b>6 923 139</b>

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

<b>8 CONSUMER DEPOSITS</b>		
Other	169 512	177 669
<b>Total consumer deposits</b>	<b>169 512</b>	<b>177 669</b>

<b>9 VAT PAYABLE</b>		
VAT payable / provision	(0)	-

<b>10 VAT RECEIVABLE</b>		
VAT receivable	(854 941)	(397 477)

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

<b>11 PROVISIONS</b>		
Provision for leave	997 336	637 511
<b>Total Provisions</b>	<b>997 336</b>	<b>637 511</b>

Provision for leave

This provision is in respect of short term liability relating to leave payable to employees.

The movement in current provisions are reconciled as follows: -

	<b>Provision for leave</b>
<b>as at 1 July 2010</b>	<b>637 513</b>
Contributions to provision / (expenditure)	359 823
<b>as at 30 June 2011</b>	<b>997 336</b>
<b>as at 1 July 2009</b>	
Contributions to provision / (expenditure)	637 513
<b>as at 30 June 2010</b>	<b>637 513</b>

**12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

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

Community Garden	271 327	271 327
Financial Management Grant	380 566	935 569
Land Development Fund	320 876	231 376
MIG	2 064 860	9 149
MSIG	545 758	610 856
Update Fixed Assets Register	280 000	-
Update Valuation Role	150 000	-

Transfer of funds with Debit balances to Other Receivables from Non-Exchange transactions

<b>Total Unspent Conditional Grants and Receipts</b>	<b>4 013 387</b>	<b>2 058 277</b>
<b>Non-current unspent conditional grants and receipts</b>	<b>1 656 183</b>	<b>-</b>
<b>Current portion of unspent conditional grants and receipts</b>	<b>2 357 204</b>	<b>2 058 277</b>

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2010 R
<b>13 BORROWINGS</b>		
Chris Hani District Municipality	2 069 011	2 069 011
	<b>2 069 011</b>	<b>2 069 011</b>
<u>Less : Current portion transferred to current liabilities</u>	-	-
Chris Hani District Municipality	-	-
<b>Total borrowings</b>	<b>2 069 011</b>	<b>2 069 011</b>

Refer to Appendix A for more detail on borrowings.

[App A1A1](#)

**14 FINANCE LEASE LIABILITY**

2011	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
<b>Amounts payable under finance leases</b>			
Within one year	75 434	6 824	68 610
Within two to five years	39 930	1 109	38 822
	<b>115 365</b>	<b>7 933</b>	<b>107 432</b>
Less: Amount due for settlement within 12 months (current portion)			(68 610)
			<b>38 822</b>

2010	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
<b>Amounts payable under finance leases</b>			
Within one year	109 525		109 525
Within two to five years	91 988		91 988
	<b>201 513</b>	-	<b>201 513.24</b>
Less: Amount due for settlement within 12 months (current portion)			(109 525)
			<b>91 988</b>

**15 PROPERTY RATES**

Actual

Residential and other property's	3 634 270	3 148 526
<b>Total property rates</b>	<b>3 634 270</b>	<b>3 148 526</b>
Property rates - penalties imposed and collection charges	-	-
<b>Total</b>	<b>3 634 270</b>	<b>3 148 526</b>

**16 SERVICE CHARGES**

Sale of electricity	4 652 471	3 447 285
Sale of water	28 193 936	2 697 705
Refuse removal	4 326 115	2 060 751
Sewerage and sanitation charges	3 996 665	4 159 824
<u>Less: Income for service undertaken on behalf of Chris Hani District Municipality</u>		
Sale of water	(28 193 936)	(2 697 705)
Sewerage and sanitation charges	(3 996 665)	(4 159 824)
<b>Total Service Charges</b>	<b>8 978 586</b>	<b>5 508 036</b>

**17 RENTAL OF FACILITIES AND EQUIPMENT**

Rental of facilities	46 771	-
<b>Total rentals</b>	<b>46 771</b>	<b>-</b>

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2010 R
<b>18 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	762	956
<b>Total interest</b>	<b>762</b>	<b>956</b>
<b>19 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		
Consumers	5 175 104	1 986 198
Less: Interest for Water Services undertaken on behalf of Chris Hani District Municipality	(4 108 080)	
<b>Total interest</b>	<b>1 067 024</b>	<b>1 986 198</b>
<b>20 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	13 502 512	10 925 696
MIG Grant	4 071 881	-
MSIG	827 554	
Finance Management Grant	2 576 584	-
Subsidy - Chris Hani District Municipality	9 053 447	
Less: Subsidy - Chris Hani District Municipality (WSA)	(6 375 046)	
Other Government Grants and Subsidies	-	11 418 595
<b>Total Government Grant and Subsidies</b>	<b>23 656 932</b>	<b>22 344 291</b>
<b>20.1 Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy.		
<b>21 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
<b>21.1 Other income</b>		
<b>Total Other Income</b>	<b>1 036 771</b>	<b>2 012 538</b>
<b>22 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	12 626 446	7 126 664
Employee related costs - Contributions for UIF, pensions and medical aids	2 250 011	1 343 359
Travel, motor car, accommodation, subsistence and other allowances	592 610	651 984
Overtime payments	181 438	25 474
Performance and other bonuses	1 026 505	587 541
Other employee related costs	525 979	98 900
Less: Employee related costs for Water Services undertaken on behalf of Chris Hani District Municipality	(3 673 604)	
<b>Total Employee Related Costs</b>	<b>13 529 385</b>	<b>9 833 922</b>
There were no advances to employees / Loans to employees are set out in note 3.		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	382 999	358 292
Performance- and other bonuses	89 864	29 912
Travel, motor car, accommodation, subsistence and other allowances	146 305	138 769
Contributions to UIF, Medical and Pension Funds	1 497	50 565
<b>Total</b>	<b>620 665</b>	<b>577 538</b>
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	371 021	334 644
Performance- and other bonuses	53 105	27 887
Travel, motor car, accommodation, subsistence and other allowances	6 000	6 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
<b>Total</b>	<b>431 623</b>	<b>370 028</b>

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

Remuneration of Individual Executive Directors	2011		2010
	R		R
	Technical Services	Corporate Services	Community Services
	R	R	R
<b>2011</b>			
Annual Remuneration	376 924	285 293	287 797
Performance- and other bonuses	54 065	46 524	21 480
Travel, motor car, accommodation, subsistence and other allowances	6 000	102 555	102 555
Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497
<b>Total</b>	<b>438 486</b>	<b>435 869</b>	<b>413 328</b>

	2011		2010
	R		R
	Technical Services	Corporate Services	Community Services
	R	R	R
<b>2010</b>			
Annual Remuneration	334 644	257 276	257 276
Performance- and other bonuses	27 887	20 800	20 800
Travel, motor car, accommodation, subsistence and other allowances	6 000	90 455	90 455
Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497
<b>Total</b>	<b>370 028</b>	<b>370 028</b>	<b>370 028</b>

**23 REMUNERATION OF COUNCILLORS**

Councillors' pension and medical aid contributions	83 456	110 421
Councillors' allowances	1 572 026	1 124 729
<b>Total Councillors' Remuneration</b>	<b>1 655 482</b>	<b>1 235 150</b>

**24 DEPRECIATION AND AMORTISATION EXPENSE**

Property, plant and equipment	-	-
<b>Total Depreciation and Amortisation</b>	<b>-</b>	<b>-</b>

**25 FINANCE COSTS**

Borrowings	308 865	191 292
Bank overdrafts	5	-
<b>Total Finance Costs</b>	<b>308 869</b>	<b>191 292</b>

**26 BULK PURCHASES**

Electricity	4 721 090	3 568 827
Water	158 157	-
Less: Bulk purchases for Water Services undertaken on behalf of Chris Hani District Municipality	(275 180)	-
<b>Total Bulk Purchases</b>	<b>4 604 067</b>	<b>3 568 827</b>

**27 CONTRACTED SERVICES**

Contracted services for:  
*Cash Management*

**28 GRANTS AND SUBSIDIES PAID**

Grant expenses - Municipal Systems Implementation Grant	727 378	-
Grant expenses - Financial Management Grant	2 514 163	-
Grant expenses - Municipal Infrastructure Grant	3 116 652	-
Grant expenses - Subsidy water	5 000	-
Grant expenses - Subsidy Indigents	3 989 183	771 542
Expenditure charged against unconditional grants	6 036	-
Expenditure charged against conditional grants	511 555	9 266 133
	<b>10 869 967</b>	<b>10 037 675</b>

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2010 R
<b>29 GENERAL EXPENSES</b>		
Included in general expenses are the following:-		
Advertising	14 036	-
Admin fees	31 662	-
Audit fees	1 560 981	-
Bank charges	103 419	-
Cleaning	41 289	-
Conferences and delegations	-	-
Entertainment	22 656	-
Fuel and oil	476 890	-
Insurance	151 741	-
Legal expenses	8 508	-
Licence fees - all	4 484	-
Membership fees	149 077	-
Postage	5 919	-
Printing and stationery	191 473	-
Professional fees	39 935	-
Rental of office equipment	130 323	-
Other rentals	155 129	-
Security costs	28 835	-
Stocks and material	534 148	-
Subscription & publication	151 191	-
Telephone cost	489 086	-
Training	173 262	-
Travel and subsistence	132 215	-
Uniforms & overalls	139 072	-
Other	58 183	-
Less: General expenses for Water Services undertaken on behalf of Chris Hani District Municipality	(1 119 297)	
	<b>3 674 217</b>	<b>2 884 422</b>
<b>30 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	(8 254 996)	1 653 515
<u>Adjustment for:-</u>		
Depreciation and amortisation	-	-
Contribution to provisions - current	359 825	
Finance costs	308 869	191 292
Fair value adjustments	-	-
Interest earned	(1 067 786)	(1 987 154)
Other non-cash item		(168 809)
<b>Operating surplus before working capital changes:</b>	<b>(8 654 088)</b>	<b>(311 156)</b>
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade receivables	(1 508 931)	109 200
(Increase)/decrease in other receivables	2 592 084	(2 758 797)
(Increase)/decrease in non current receivables	-	-
(Increase)/decrease in VAT receivable	(457 465)	(397 477)
Increase/(decrease) in conditional grants and receipts	1 955 110	(451 027)
Increase/(decrease) in trade payables	7 236 650	3 196 640
Increase/(decrease) in consumer deposits	(8 157)	16 357
Increase/(decrease) in VAT payable	(0)	(582 440)
Other liability	-	-
<b>Cash generated by/(utilised in) operations</b>	<b>1 155 204</b>	<b>(1 178 699)</b>
<b>31 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	1 072 896	315 371
Investments	7 810	39 125
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>1 080 706</b>	<b>354 495</b>

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2010 R
<b>32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>32.1 Unauthorised expenditure</b>		
<u>Reconciliation of unauthorised expenditure</u>		
Employee related costs	-	
Remuneration of councillors	151 680	
Bad debts provision	10 481 402	
Depreciation and amortisation expense	-	
Repairs and maintenance	-	
Finance costs	303 369	
Bulk purchases	222 067	
Contracted services	-	
Grants and subsidies paid	7 547 575	
General expenses	-	
Unauthorised expenditure awaiting authorisation	<b>18 706 095</b>	-
<b>32.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	509 433	411 666
Fruitless and wasteful expenditure current year	287 789	97 767
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	<b>797 222</b>	<b>509 433</b>
The following is a list of Fruitless and wasteful expenditure incurred during the year:		
Interest on trade payables	287 789	
	<b>287 789</b>	-
<b>33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>33.1 Contributions to organised local government</b>		
Opening balance	298 776	
Council subscriptions	116 500	
Amount paid - current	-	
Amount paid - previous years	-	
<b>Balance unpaid (included in payables)</b>	<b>415 276</b>	-
<b>33.2 Audit fees</b>		
Opening balance	1 681 276	-
Current year audit fee	1 870 921	
Amount paid - current year	(1 963 211)	
Amount paid - previous years	-	
<b>Balance unpaid (included in payables)</b>	<b>1 588 986</b>	-
The balance unpaid represents the audit fee for the audit conducted during 2010 and is payable in full.		
<b>33.4 VAT</b>		
VAT input receivables and VAT output payables are shown in note 18. All VAT returns up to June 2011 have been submitted. The remaining VAT returns are still outstanding.		
<b>33.5 PAYE and UIF</b>		
Opening balance	61 754	208 614
Current year payroll deductions	1 545 825	
Amount paid - current year	-	
Amount paid - previous years	-	(146 860)
<b>Balance unpaid (included in payables)</b>	<b>1 607 579</b>	<b>61 754</b>

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2010 R
<b>33.6 Pension and Medical Aid Deductions</b>		
Opening balance	-	410 920
Current year payroll deductions and Council Contributions	2 536 474	
Amount paid - current year	(2 142 300)	
Amount paid - previous years	-	(410 920)
<b>Balance unpaid (included in payables)</b>	<b>394 174</b>	<b>-</b>

The balance represents pension and medical aid contributions deducted from employees in the June 2011 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2011.

**33.7 Councillor's arrear consumer accounts**

The following Councillors had arrear consumer accounts outstanding for more than 90 days as at: -

as at 30 June 2011

None

**Total Councillor Arrear Consumer Accounts**

	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
	-		
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>

**33.8**

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

The municipality has not paid their suppliers in terms of the MFMA. This due to the lack of funds.

**34 CAPITAL COMMITMENTS**

**34.1 Commitments in respect of capital expenditure**

**PROJECT**

Approved and contracted for:

Spatial Development Framework

259 076

-

Resurfacing of Nomonde Access Road

1 940 149

-

Skoyi Bridge Construction

2 608 556

-

Approved but not yet contracted for:

None

**Total**

**4 807 780**

**-**

This expenditure will be financed from:

- External Loans

-

-

- Government Grants

4 807 780

-

- Own resources

-

-

- District Council Grants

-

-

**4 807 780**

**-**

**35 CONTINGENT LIABILITY**

None

**36 CONTINGENT ASSET**

None

**37 IN-KIND DONATIONS AND ASSISTANCE**

The Municipality received the following in-kind donations and assistance

Description

Intervention team from the Department of Local Government and Traditional Affairs.

**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

<b>2011</b>	<b>2010</b>
<b>R</b>	<b>R</b>

**38 RELATED PARTIES**

**Related party transactions**

The following transaction were concluded with related parties:

**Councillors**

Details

None

Business interest

Transactions amount

-

The following councillors have not made the appropriate disclosures of business interests in the Declaration of Interest Register:

**Councillors**

Details

None

Business interest

In Register of Interest

**39 EVENTS AFTER THE REPORTING DATE**

No material events after the reporting date have occurred

**40 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The following areas involve a significant degree of estimation uncertainty:

	<u>Nature</u>	<u>Carrying amount</u>
Provision for doubtful debts	The provision is subject to estimates used and historical trends.	40 776 480

**41 RISK MANAGEMENT**

**41.1 Maximum credit risk exposure**

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an on going basis.

Financial assets exposed to credit risk at year end were as follows:

Standard Bank	7 810	39 125
Trade and other receivables	3 060 464	1 551 533

These balances represent the maximum exposure to credit risk.

The municipality is exposed to a guarantee for the overdraft facilities.

**41.2 Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

**41.3 Interest rate risk**

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

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

- Call deposits
- Finance lease



**Inkwanca Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

<b>2011</b>	<b>2010</b>
<b>R</b>	<b>R</b>

**42 RECLASSIFICATION, CORRECTION OF PRIOR YEAR ERRORS AND DIRECTIVE 4 AMENDMENTS**

42.1 The following prior year adjustments were made:

**Statement of Financial Position and Financial Performance:**

Trade and other payables from exchange transactions

Motor Vehicle Registration	(130 137)	
Commission Income	130 137	-

Non-current finance lease liability

Deferred Finance Charges	359	
Finance Charges	(359)	-

Trade and other payables from exchange transactions

Trade payables	(37 588)	
Repairs and Maintenance	37 588	-

Other Income

Current portion of unspent conditional grants and receipts - MIG	(1 375 707)	
VAT Income from Conditional Grants and Receipts	1 375 707	-

**Taken against Accumulated surplus / (deficit)**

		-
--	--	---

42.2 The following restatements were made to the carrying value of the below:

**Statement of Financial Position:**

	Previously Reported	Restated Value	Adjustment
Current portion of unspent conditional grants and receipts	3 433 984	2 058 277	(1 375 707)
Trade and other payables from exchange transactions	7 090 864	6 923 139	(167 725)
Current portion of finance lease liability	109 166	109 525	359
	<b>10 634 014</b>	<b>9 090 941</b>	<b>(1 543 073)</b>

**Statement of Financial Performance:**

Other Income	506 694	2 012 538	1 505 844
Repairs and maintenance	(769 907)	(732 319)	37 588
Finance costs	(190 933)	(191 292)	(359)
	<b>(454 146)</b>	<b>1 088 927</b>	<b>1 543 073</b>

Reconciliation of Surplus / (Deficit) for the prior year

Previously Reported	
Restatements as detailed above	110 442
Restated Surplus for the year ended 30 June 2010	<b>1 543 073</b>
	<b>1 653 515</b>

42.3 The following classes were reclassified in 2010: -

- A portion of trade and other receivables from exchange transactions was reclassified to other receivables from non-exchange transactions.
- Leave provision and consumer deposits were reclassified from non-current liabilities to current liabilities.

**43 WATER SERVICES PROVIDER**

The municipality has been contracted to manage the water and sanitation services on behalf of the Chris Hani District Municipality. The municipality has incorporated the water and sanitation's trade receivables, provision, income and expenses into its operational trial balance. The municipality has excluded the above trade receivables, provisions, income and expenses relating to water and sanitation and disclosed the net balance as a debtor / creditor. The following adjustments have been made the annual financial statements: -

	Water Services		
	System balance	Portion	Control Account
<b>Statement of Financial Position:</b>			
Trade and other receivables from exchange transactions	2 757 521	(2 757 521)	2 757 521
<b>Statement of Financial Performance:</b>			
Service charges	32 190 600	(32 190 600)	
Interest earned - outstanding receivables	4 108 080	(4 108 080)	
Government grants and subsidies	6 375 047	(6 375 047)	
Employee related costs	(3 673 604)	3 673 604	
Bad debts impairment	(28 151 588)	28 151 588	
Repairs and maintenance	(1 795 893)	1 795 893	
Bulk purchases	(275 180)	275 180	
General expenses	(1 119 297)	1 119 297	(7 658 165)
Chris Hani District Municipality - Water Services Authority control account (see note 7) - Debit / (Credit)			<b>(4 900 644)</b>

**44 COMPARISON WITH THE BUDGET**

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

**Inkwanca Local Municipality**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2011

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2010	Received during the period	Redeemed / written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
Chris Hanani District Municipality			2 069 011	-		<b>2 069 011</b>	-	-
Wesbank	D45519X		7 570	-	(7 570)	-	-	-
Toyota Finance	T54306H		5 297	-	(5 297)	-		
Wesbank	DDL52169B		23 707	-	(21 912)	<b>1 795</b>		
Wesbank	DDL55360J		93 362	-	(38 895)	<b>54 467</b>		
Wesbank	DDL55644V		99 251	-	(40 148)	<b>59 103</b>	-	-
Deferred Finance Charges	All		(27 674)		19 741	<b>(7 933)</b>		
<b>TOTAL EXTERNAL LOANS</b>			<b>2 270 524</b>	<b>-</b>	<b>(94 081)</b>	<b>2 176 443</b>	<b>-</b>	<b>-</b>

**Inkwanca Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
<b>Land</b>													
Land	-				-	-				-			-
Landfill Sites	-				-	-				-			-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Buildings</b>													
	-				-	-				-			-
<b>Infrastructure</b>													
Roads	-	35 389			35 389	-				-			35 389
Sewerage Mains & Purification	-				-	-				-			-
Electricity Mains	-				-	-				-			-
Water Mains & Purification	-				-	-				-			-
Storm Water	-				-	-				-			-
	-	35 389	-	-	35 389	-	-	-	-	-	-	-	35 389
<b>Community Assets</b>													
Libraries	-				-	-				-			-
Halls	-	919 841			919 841	-				-			919 841
Cemeteries	-				-	-				-			-
	-	919 841	-	-	919 841	-	-	-	-	-	-	-	919 841
<b>Heritage Assets</b>													
Historical Buildings	-				-	-				-			-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>													
Office Equipment	-	17 368			17 368	-				-			17 368
Furniture & Fittings	48 042	34 965			83 007	-				-			83 007
Motor vehicles	-				-	-				-			-
Computer Equipment	215 225	86 265			301 490	-				-			301 490
Other Assets	-				-	-				-			-
	263 267	138 598	-	-	401 865	-	-	-	-	-	-	-	401 865
<b>Finance Lease Assets</b>													
Office Equipment	-				-	-				-			-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>263 267</b>	<b>1 093 828</b>	<b>-</b>	<b>-</b>	<b>1 357 095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 357 095</b>

**Inkwanca Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
<b>Land</b>													
Land					-					-			-
Landfill Sites					-					-			-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Buildings</b>					-					-			-
<b>Infrastructure</b>													
Roads					-					-			-
Sewerage Mains & Purification					-					-			-
Electricity Mains					-					-			-
Water Mains & Purification					-					-			-
Storm Water					-					-			-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>													
Libraries					-					-			-
Halls					-					-			-
Cemeteries					-					-			-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>													
Historical Buildings					-					-			-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>													
Office Equipment					-					-			-
Furniture & Fittings		48 042			48 042					-			48 042
Motor vehicles					-					-			-
Computer Equipment		215 225			215 225					-			215 225
Other Assets					-					-			-
	-	263 267	-	-	263 267	-	-	-	-	-	-	-	263 267
<b>Finance Lease Assets</b>													
Office Equipment					-					-			-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	263 267	-	-	263 267	-	-	-	-	-	-	-	263 267

**Inkwanca Local Municipality**  
**APPENDIX E (1)**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)**  
for the year ended 30 June 2011

	2011	2011	2011	2011	
	Actual Income	Budget	Variance	Variance	Explanation for Significant Variances greater than 10% vs Budget
	R	R	R	%	
<b>Revenue</b>					
Property rates	3 634 270	2 111 891	1 522 379	72%	Farmers Rates
Service charges	8 978 586	5 377 141	3 601 445	67%	Eskom 34% tariff increase and increased billing in refuse
Rental of facilities and equipment	46 771	50 000	(3 229)	-6%	Under 10%
Interest earned - external investments	762	0	762	100%	Interest on Investments not budgeted for
Interest earned - outstanding receivables	1 067 024	0	1 067 024	100%	Interest on receivables not budgeted for
Fines	87 584	120 000	(32 416)	-27%	Fine recoveries were decreased substantially
Government grants and subsidies	23 656 932	25 703 000	(2 046 068)	-8%	Under 10%
Other income	1 036 771	392 000	644 771	164%	Additional income due to VAT accounted for in terms of MFMA Circular 48
<b>Total revenue</b>	<b>38 508 699</b>	<b>33 754 032</b>	<b>4 754 667</b>	<b>14%</b>	
<b>Expenses</b>					
Employee related costs	13 529 385	16 239 525	(2 710 140)	-17%	The underspend was due to water related expenses being ring fenced from general expenses
Remuneration of councillors	1 655 482	1 503 802	151 680	10%	Over spend due to back pay
Bad debts provision	10 481 402	0	10 481 402	100%	Bad debts provision not budgeted for
Depreciation and amortisation expense	-	0	-	0%	Directive 4
Repairs and maintenance	1 640 305	2 667 346	(1 027 041)	-39%	The underspend was due to water related expenses being ring fenced from general expenses
Finance costs	308 869	5 500	303 369	5516%	The interest is due to interest charged on Arrear Accounts. This due to lack of funds
Bulk purchases	4 604 067	4 382 000	222 067	5%	Under 10%
Grants and subsidies paid	10 869 967	3 322 392	7 547 575	227%	Grants and subsidies expended in line with grant income received
General expenses	3 674 217	4 826 826	(1 152 609)	-24%	The underspend was due to water related expenses being ring fenced from general expenses
<b>Total expenses</b>	<b>46 763 696</b>	<b>32 947 391</b>	<b>13 816 305</b>	<b>42%</b>	
<b>Surplus / (deficit) for the period</b>	<b>(8 254 996)</b>	<b>806 641</b>	<b>(9 061 637)</b>	<b>-1123%</b>	

**Inkwanca Local Municipality**  
**APPENDIX E (2)**  
**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**  
for the year ended 30 June 2011

	2011	2011	2011	2011	
	Actual / Under Construction	Budget	Variance	Variance	Explanation for Significant Variances greater than 10% vs Budget
	R	R	R	%	
<b>Land</b>					
Land	-		-	0%	
Landfill Sites	-		-	0%	
<b>Buildings</b>	-		-	0%	
<b>Infrastructure</b>					
Roads	35 389		35 389	0%	Assets funded by MIG Grant
Sewerage Mains & Purification	-	700 000	(700 000)	100%	No spend during the year
Electricity Mains	-		-	0%	
Water Mains & Purification	-		-	0%	
Storm Water	-		-	0%	
<b>Community Assets</b>					
Libraries	-		-	0%	
Halls	919 841		919 841	0%	Assets funded by MIG Grant
Cemeteries	-		-	0%	
<b>Heritage Assets</b>					
Historical Buildings	-		-	0%	
<b>Other Assets</b>					
Office Equipment	17 368	-	17 368	100%	The majority of the assets were funded by Grants
Furniture & Fittings	34 965	-	34 965	100%	The majority of the assets were funded by Grants
Motor vehicles	-	81 641	(81 641)	100%	The majority of the assets were funded by Grants
Computer Equipment	86 265	25 000	61 265	245%	The majority of the assets were funded by Grants
Other Assets	-		-	0%	
<b>Finance Lease Assets</b>					
Office Equipment	-		-	0%	
<b>Total</b>	<b>1 093 828</b>	<b>806 641</b>	<b>287 187</b>	<b>100%</b>	