

GENERAL INFORMATION

Executive Mayor, Speaker, Chief Whip and Members of the Mayoral Committee

Executive Mayor:	Clr S K Mashilo
Speaker:	Clr B A Nkwanyana
Chief Whip:	Clr T Letlaka
MMC for Finance:	Clr IM Masobuka
MMC for Infrastructure & Service Delivery:	Clr LJ Dikgale
MMC for Social Services, Disaster, Youth, Health & Education:	Clr. NE Hlope
MMC for Local Economic Development and Rural Development:	Clr. AP Mufume
MMC for Corporate, Human Resources & Legal Services:	Clr.C Motau
MMC for Rural Development, Public Safety and Transport:	Clr. JF Radebe

Grading of Local Authority

Grade 9

Auditors

The Auditor-General

Bankers

ABSA Bank Middelburg

Primary Bank Account

Name of Bank: ABSA
Account No: 1040 161 836
Branch Code: 334350
Type of Acc: Current Account

Registered Office

2A Walter Sisulu Street, Middelburg, 1050

Municipal Manager/Accounting Officer

Mr T C Makola

Acting Manager: Finance/Chief Financial Officer

Mr M J Strydom

REPORT OF THE MANAGER: **FINANCE**

1. INTRODUCTION

The financial objective of the municipality is to secure sound and sustainable management of the financial matters and to assist the six local municipalities to be financially viable.

Critical functional areas for the district municipality and local municipalities include the payment for services, revenue collection, capacity for municipal infrastructure expenditure and compliance with legislation.

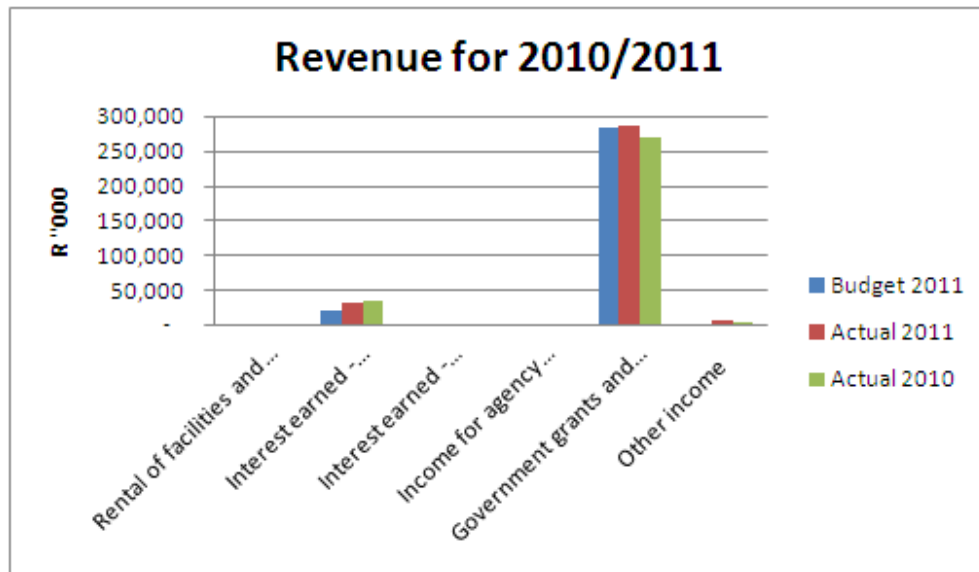
Issue 3 of the IDP relates to financial viability and includes projects that contributed to the financial viability of the district and local municipalities.

2. REVIEW OF OPERATING RESULTS

The 2010/2011 budget of the Nkangala District Municipality was approved by Council on 26th May 2010 and herewith is a commentary on the financial results.

2.1 REVENUE

2011 Budget	Note	2011 R	2010 R Restated
REVENUE			
-	Rental of facilities and equipment	264,347	877
20,850,000	Interest earned - external investments	31,135,900	34,074,261
97,000	Interest earned - outstanding debtors	41,486	1,584
339,466	Income for agency services/ donars	112,602	177,598
283,162,000	Government grants and subsidies	284,659,021	269,774,803
1,311,000	Other income	5,919,642	2,891,765
305,759,466	Total Revenue	322,132,998	306,920,888



INTEREST EARNED

Interest earned on external investments decreased from R34,074,261 (2009/2010) to 31,135,900 (2010/2011). This decrease is attributed to a decrease in interest rates on call deposits.

Interest earned on outstanding debtors increased from R1,584 (2010) to R41,486 (2011).

GOVERNMENT GRANTS AND SUBSIDIES

Government Grants and subsidies increased by 5.52 % from the previous financial year. Government Grants and subsidies include the RSC Levy Replacement grant, the equitable share, and Fire Service subsidy, Municipal System Improvement Grant, Finance Management Grant and the Transport Grant.

According to the accounting policies only the portion that has been expended and meets the conditions of the grant are recognized as revenue. The remaining portion is disclosed as a creditor in the statement of Financial Position.

OTHER INCOME

Other income increased with 104.71%, which include discount received.

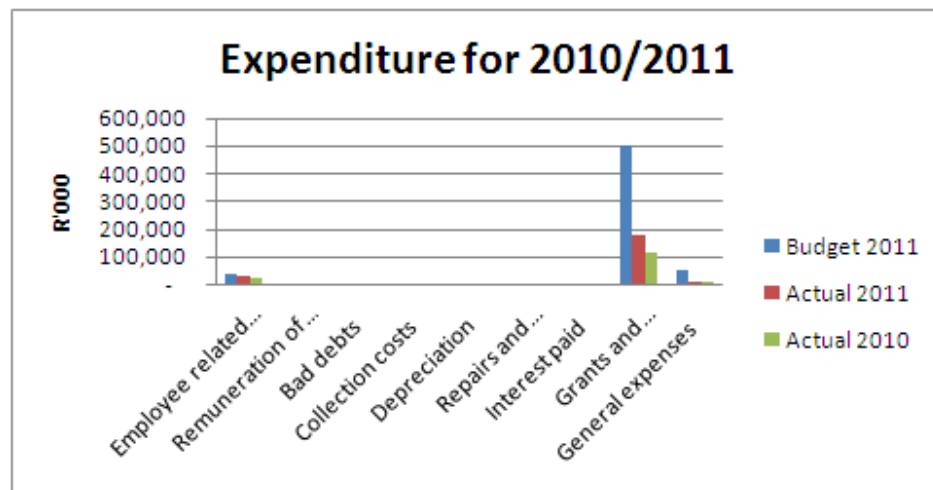
Total revenue increased with R15,212,109 from R306,920,888 to R322,132,998 from the 2009/2010 financial year. This amount exceeded the budget amount by R16,373,532.

Indicative allocations published in Division of Revenue Act (DORA) point to an increase in the RSC Levy Replacement Grant.

The outlook for the next financial year is that the total revenue will increase compared to the year under review.

2.2 EXPENDITURE

Budget	EXPENDITURE		2011	2010
41,763,444	Employee related costs	18	35,556,126	29,344,257
9,930,158	Remuneration of Councillors	19	8,589,272	8,528,867
40,000	Bad debts		5,960	8,543
-	Collection costs		-	16,251
8,695,087	Depreciation		6,619,085	5,489,715
4,408,531	Repairs and maintenance		2,369,334	1,608,455
4,613,152	Interest paid	20	3,352,722	3,535,794
504,158,276	Grants and subsidies paid	21	179,054,136	115,632,692
54,612,046	General expenses	23	13,720,415	10,710,941
628,220,694	Total Expenditure		249,267,050	174,875,515



EMPLOYEE RELATED COST

Actual employee related costs are 21.17 % more than previous year. Actual employee related costs are 85.14 % of the budget, which is due to vacancies which have not been filled in the year under review.

REMUNERATION OF COUNCILLORS

Payments made to councillors are in terms of the legislation on remuneration of public office bearers.

DEPRECIATION

Depreciation is charged on Property, Plant & Equipment at rates determined in the accounting policies and asset useful life's is reviewed annually.

REPAIRS & MAINTENANCE

This expenditure relates to maintenance on the new office building which was used for the full duration of the year under review.

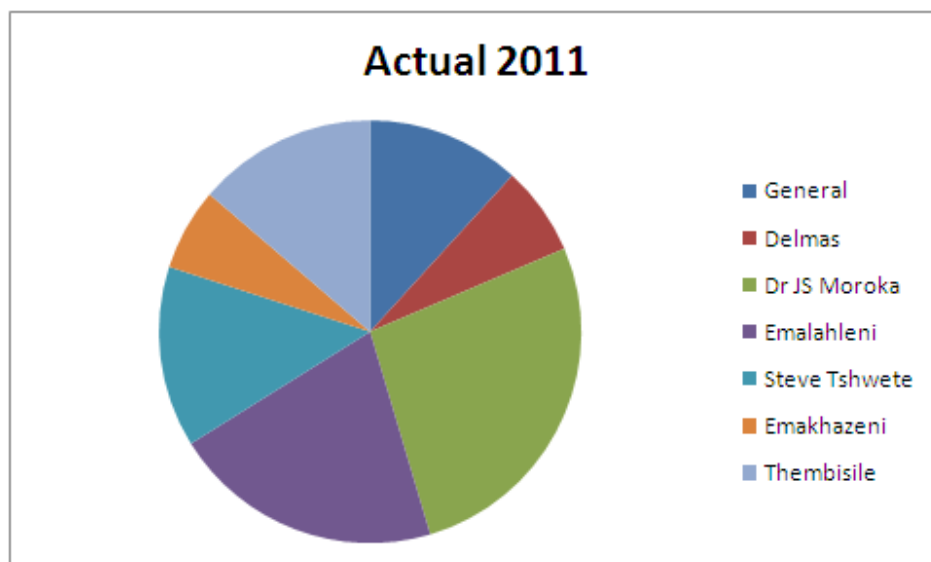
INTEREST PAID

This interest relates to interest on long term loans with INCA and DBSA.

GRANTS & SUBSIDIES

This expenditure relates to expenditure on infrastructure for local municipalities and regional functions for which the District Municipality is the primary authority.

Actual grants and subsidies paid represent 71.83% (66.12%:2010) of the total expenditure and increased with R63,421,444 from R115,632,692 (2009/10) to R179,054,136 (2010/11).



GENERAL EXPENDITURE

General Expenditure comprise of operating expenditure not disclosed elsewhere on the statement of financial performance.

3. FINANCIAL POSITION

The Statement of Financial position represents the financial strength of the municipality by a comparison of assets over liabilities.

The total assets of the municipality increased by 12.99%. The contributing factors of this increase in inventory and call investments.

Liabilities increased by 24.19%, which is mainly due to the increased accruals for 2011.

4. KEY RATIOS

CURRENT RATIO

This ratio represents the ability of the municipality to pay short term obligations within the next 12 months.

	Current assets	Current Liabilities	
	R	R	Ratio
2010	660,510,067	44,264,299	14.92:1
2011	724,340,913	72,787,492	9.95:1

SOLVENCY RATIO

This represents the ability of the municipality to pay both its long term and short term obligations.

	Total Assets	Total Liabilities	
	R	R	Ratio
2010	748,857,915	100,863,432	13.47:1
2011	846,136,677	125,260,378	14.80:1

OTHER RATIOS

	2011	2010
Employee related cost/Total Expenditure	14.26	16.78
Actual Grants and subsidies paid/Total Expenditure	71.83	66.12
Actual Grants and subsidies paid/Budget	35.52	30.41

5. CREDIT RATING

Fitch's international credit rating committee has affirmed the Nkangala District Municipality's the Long-term local currency rating at 'BBB+' and National Long-term rating at 'AA-(zaf)'. The Outlook for both ratings is Stable.

At the same time the Committee has decided to upgrade the National Short-term rating to 'F1+(Zaf)' from 'F1(Zaf)'

6. GENERALLY RECOGNISED ACCOUNTING PRACTICES

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;
- General Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005;

7. CONCLUSION

Good governance, sound financial management and financial viability remain critical success factors for the municipality. Engagement with various stakeholders on the options on the replacement of RSC Levies remains a priority for the municipality.

8. ACKNOWLEDGEMENT

I would like to extend my appreciation to the Honourable Executive Mayor, Mayoral

Committee and Councillors for strategic direction and leadership demonstrated during the financial year.

The guidance and vision of the Municipal Manager and Heads of Departments are acknowledged with gratitude. A special word of appreciation is extended to all my colleagues for their loyalty and support.

Thank you

MJ STRYDOM
ACTING MANAGER: FINANCE

NKANGALA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Note	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Restated			
Net assets		720,876,298	648,010,350
Accumulated Surplus/(Deficit)		720,876,298	648,010,350
Non-current liabilities		52,472,886	56,599,133
Long-term liabilities	2	45,632,027	51,514,104
Non-current provisions	3	6,840,859	5,085,029
Current liabilities		72,787,492	44,264,299
Retentions	4	23,666,699	18,307,034
Provisions	5	3,663,131	1,596,865
Creditors	6	38,116,502	17,129,336
Unspent conditional grants and receipts	7	687,696	808,824
Current portion of long-term liabilities	2	6,653,464	6,422,241
Total Net Assets and Liabilities		846,136,677	748,873,783
ASSETS			
Non-current assets		121,795,764	88,363,718
Property, plant and equipment	9	86,331,777	80,178,562
Investments	10	35,463,986	8,185,156
Current assets		724,340,913	660,510,067
VAT	8	13,276,083	27,714,797
Inventory	11	244,582,712	188,211,281
Other debtors	12	329,845	191,126
Grants Receivable from other spheres of Government	13	-	-
Call investment deposits	14	453,327,229	425,475,241
Bank balances and cash	15	12,825,045	18,917,622
Total Assets		846,136,677	748,873,783

NKANGALA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2011

2011 Budget		Note	2011 R	2010 R Restated
REVENUE				
	- Rental of facilities and equipment		264,347	877
20,850,000	Interest earned - external investments		31,135,900	34,074,261
97,000	Interest earned - outstanding debtors		41,486	1,584
339,466	Income for agency services/ donars		112,602	177,598
283,162,000	Government grants and subsidies	16	284,659,021	269,774,803
1,311,000	Other income	17	5,919,642	2,891,765
305,759,466	Total Revenue		322,132,998	306,920,888
EXPENDITURE				
41,763,444	Employee related costs	18	35,556,126	29,344,257
9,930,158	Remuneration of Councillors	19	8,589,272	8,528,867
40,000	Bad debts		5,960	8,543
	- Collection costs		-	16,251
8,695,087	Depreciation		6,619,085	5,489,715
4,408,531	Repairs and maintenance		2,369,334	1,608,455
4,613,152	Interest paid	20	3,352,722	3,535,794
504,158,276	Grants and subsidies paid	21	179,054,136	115,632,692
54,612,046	General expenses	23	13,720,415	10,710,941
628,220,694	Total Expenditure		249,267,050	174,875,515
(322,461,228)	SURPLUS/(DEFICIT) FOR THE PERIOD		72,865,948	132,045,373
Refer to annexure E(1) for the comparison with the approved budget				

NKANGALA DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2011

	<u>Note</u>	<u>Accumulated</u> <u>Surplus/</u> <u>(Deficit)</u>	<u>Total</u>
			R
2010			
Balance at 1 July 2009		463,567,562	463,567,562
Implementation of GAMAP		52,978,961	52,978,961
Restated balance		516,546,523	516,546,523
Surplus/(deficit) for the year		131,479,157	131,479,157
Balance at 30 June 2010		648,025,680	648,025,680
Correction of error	24	(15,329)	(15,329)
Restated balance		648,010,350	648,010,350
Surplus/(deficit) for the period		72,865,948	72,865,948
Balance at 30 June 2011		720,876,298	720,876,298

NKANGALA DISTRICT MUNICIPLITY
CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011

	Note	2011 R	2010 R Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		322,132,998	306,920,888
Cash paid to suppliers and employees		(282,496,264)	(276,281,341)
Cash generated from/(utilised in) operations	25	39,636,734	30,639,547
Interest received		31,177,386	34,075,845
Interest paid		(3,352,722)	(3,535,794)
NET CASH FROM OPERATING ACTIVITIES		67,461,398	61,179,598
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12,772,302)	(5,916,926)
Decrease in non-current receivables		-	-
Decrease/(Increase) in non-current investments		(27,278,830)	(871,885)
NET CASH FROM INVESTING ACTIVITIES		(40,051,133)	(6,788,811)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(5,650,854)	(4,443,864)
NET CASH FROM FINANCING ACTIVITIES		(5,650,854)	(4,443,864)
NET DECREASE IN CASH AND CASH EQUIVALENTS		21,759,411	49,946,923
Cash and cash equivalents at the beginning of the year		444,392,863	394,445,940
Cash and cash equivalents at the end of the period	26	466,152,274	444,392,863

1. ACCOUNTING POLICIES

1.1. BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;
 - General Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005;
- The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GAMAP 9	Revenue from Non-Exchange Transactions Government Grants and Subsidies; and Donations and Public Contributions

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

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous year.

1.1.1. Significant Judgments

In preparing the municipality's annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the municipality's annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the municipality's annual financial statements. Significant judgements include:

- Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

1.1.2. Use of estimates

The preparation of financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain of critical accounting estimates for provisions, impairments and the useful lives of Property, Plant and Equipment. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVES INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.4.1. 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 reason for the reclassification is disclosed.

1.5. OFFSETTING

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

1.6. PROPERTY, PLANT AND EQUIPMENT

An item of property plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

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

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.
- Installation cost.
- Professional fees.
- Estimate cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite life.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

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

DETAILS	YEARS	DETAILS	YEARS
Infrastructure		Other	
Electricity		Buildings	30
Supply & Reticulation	20	Office Equipment	
Roads		Computer Hardware	7
Roads	10	Computer Software	3
Bridges	30	Office Machines	3

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

<u>DETAILS</u>	<u>YEARS</u>	<u>DETAILS</u>	<u>YEARS</u>
Sewerage		Air Conditioners	5
Sewers	20	Furniture & Fittings	
Water		Chairs	7 - 10
Supply & reticulation	20	Tables/Desks	7 - 10
Reservoirs & tanks	20	Cabinets/Cupboards	7 - 10
Pumps	15	Miscellaneous	7 - 10
		Emergency Equipment	
		Fire	15
		Ambulances	5
Community Assets		Fire hoses	5
Buildings		Emergency Lights	5
Clinics	30	Plant & Equipment	
Parks	30	General	7
Community Centres	30	Telecommunication equipment	5
Fire Stations	30	Radio	7
		Vehicles	
Recreational Facilities		Fire Engines	20
Fire Breaks	20	Motor Vehicles	7
		Bakkies	7
		Bins	
		Bins	5-10

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.

Where items of property, plant and equipment 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.

1.6.1. Impairment of assets

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

Impairment of cash generating assets

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the consolidated statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset fair value less cost of disposal and its value in use.

The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, R1.00 or fair value less cost of disposal.

A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

Impairment of non-cash generating assets

Non-cash generating assets such as Infrastructure and Community assets are not impaired as no open market value can be obtained and there is no intention to sell these assets as they are for the benefit of the community.

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

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

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Property, plant and equipment and other non-current, and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Financial Performance for the amount by which the carrying amount of the asset exceeds its recoverable amount, that is, the

higher of the asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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 amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- Then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset other than goodwill 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 other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7. FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

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.

1.7.1. Financial Assets:

1.7.1.1. Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

Loans and receivables are recognised initially at historical cost. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

1.7.1.2. Accounts Receivable

Trade and other receivables are recognised historical cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment 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.

Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivables are impaired. 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 effective interest rate.

1.7.1.3. Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

1.7.2. Financial liabilities

Financial liabilities are recognised initially at historical cost which represents fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

1.7.2.1. Trade Creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.7.2.2. Retention

Retention are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.7.3. Gains and losses

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognised or impaired through the amortisation process

1.8. REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

1.8.1. Rental of facilities:

Rental of facilities shall be 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

1.8.2. Government Grants:

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services. Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

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, and
- 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

1.8.3. Other grants and donations received:

Other grants and donations shall be 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, and
- To the extent that there has been compliance with any restrictions associated with the grant

1.8.4. Interest:

Revenue arising from the use of assets by others of the municipal assets yielding interest shall be 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

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

1.8.5. Revenue from agency services:

Revenue from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

1.8.6. Other Revenue:

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.

All other revenue is recognised at fair value as and when they happen.

1.9. 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. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

1.10. 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.

1.11. RETIREMENT BENEFITS

1.11.1. Defined contribution plans:

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

1.11.2. Defined benefit plans:

1.11.2.1. *Post employment medical care benefits:*

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post –retirement medical benefits is based on employee remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Actuarial gains and losses arising from experience adjustments are debited or credited to Statement of Financial Performance in the period in which it occurs. Valuations of these obligations are carried out annually by management.

1.12. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance. Borrowing costs that relate to the acquisition/purchase of Property, Plant and Equipment is capitalised to the cost of the item of Property, Plant and Equipment.

1.13. EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements

1.14. LEASES:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-lined basis over the lease period.

Assets held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipalities general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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.

1.15. INVENTORY:

The municipality constructs infrastructure projects, which will subsequently transferred to local municipalities in its area of jurisdiction at no cost when the project is completed. Projects still in progress and not yet completed is disclosed as inventory.

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
2 LONG-TERM LIABILITIES		Restated
Local Registered Stock Loans	-	-
Annuity Loans	51,285,439	56,352,415
Lease liabilities	1,000,053	1,583,931
Sub-total	52,285,492	57,936,346
Less : Current portion transferred to current liabilities	6,653,464	6,422,241
Local Registered Stock Loans	-	-
Annuity Loans	5,979,778	5,839,091
Lease liabilities	673,686	583,150
Total External Loans	45,632,027	51,514,104
Reconciliation of Minimum lease payments		
Not later than one year	673,686	583,150
Later than one year but not later than five years	447,488	1,314,655
Later than 5 years	-	-
	1,121,174	1,897,805
Future finance charges on finance leases	121,122	313,874
Present value of finance lease liabilities	1,000,053	1,583,931
The present value of finance lease liabilities may be analysed as follows:		
No later than one year	673,686	583,150
Later than one year but not later than five years	326,367	1,000,780
	1,000,053	1,583,931
Refer to Appendix A for more detail on long-term liabilities.		
3 NON-CURRENT PROVISIONS		
Post employment Medical Aid benefit	6,840,859	5,085,029
Total Non-Curent Provisions	6,840,859	5,085,029
Leave is accumulated monthly. The provision is an estimate of the leave based on historical staff turnover.		
The post employment medical aid benefit are provided for ex retired employees and their legitmate spouses and is paid monthly. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The provision is an estimate of the liability based on historical staff turnover and life expectancy of the relevant peopleand is discounted by using the inflation rate at the balance sheet date. The provision is phased in over a five year period starting from the 2005/2006 fiancial year.		
The movement in the non-current provision is reconciled as follows: -		
Balance at beginning of year	5,085,029	3,758,278
Contributions to provision	1,755,830	1,338,457
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	(11,705)
Balance at end of year	6,840,859	5,085,029
4 RETENTIONS		
Retention	23,666,699	18,307,034
Total Retention	23,666,699	18,307,034

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5 PROVISIONS	2011	2010
Performance bonus	3,547,555	1,532,451
Post employment Medical Aid benefit	115,576	64,414
Current portion of long-service provision (see note 2 above)	-	-
Total Provisions	3,663,131	1,596,865
Performance bonuses are paid one year in arrear and accrued on the basis that conditions has been met and there is no indication that performance bonusses will not be paid.		
The movement in current provisions are reconciled as follows: -		
Performance Bonus		
Balance at beginning of year	1,532,451	1,118,135
Transfer from non-current		
Contributions to provision	2,326,927	727,129
Expenditure incurred	(311,823)	(312,813)
Balance at end of year	3,547,555	1,532,451
Post employment Medical Aid Benefit		
Balance at beginning of year	64,414	60,746
Transfer from non-current	-	11,705
Contributions to provision	125,340	56,832
Expenditure incurred	(74,178)	(64,870)
Balance at end of year	115,576	64,414
6 CREDITORS		
Trade creditors	35,152,691	14,422,528
Credit card at ABSA Bank	3,005	11
Fleet Card at ABSA Bank	68,837	29,216
Rental Deposit	23,978	2,040
Leave	2,733,923	2,126,808
Other creditors	134,068	548,733
	38,116,502	17,129,336

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		2011	2010			
<i>Conditional Grants from other spheres of Government</i>		460,832	469,358			
FMG		-	-			
Transport		460,832	469,358			
<i>Other Conditional Receipts</i>		226,864	339,466			
DBSA		226,864	339,466			
Total Conditional Grants and Receipts		687,696	808,824			
See Note 16 for reconciliation of grants from other spheres of government.						
These amounts are invested in a ring-fenced investment until utilized.						
8 VAT						
VAT (payable)/ receivable		13,276,083	27,714,797			
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.						
9 PROPERTY, PLANT AND EQUIPMENT						
30-Jun-11						
	<u>Land and Buildings</u>	<u>Infra-structure</u>	<u>Community</u>	<u>Other</u>	<u>Leased</u>	<u>Total</u>
Reconciliation of Carrying	R	R	R	R	R	R
Carrying values at 1 July 2010	58,014,598	1,034,333	26,576	19,656,062	1,446,990	80,178,560
Cost	58,365,407	1,070,000	32,145	36,535,502	2,439,283	98,442,336
Capital under Construction	6,912,006	-	-	-	-	6,912,006
Correction of error (note 24)	1,129,392	-	-	(345,495)	-	783,897
Correction of error (note 24)	(11,494)	-	(425)	(495,381)	-	(507,300)
Accumulated depreciation	(8,380,713)	(35,667)	(5,143)	(16,038,564)	(992,293)	(25,452,378.83)
Acquisitions	-	-	45,074	4,247,421	-	4,292,495
Completed Capital under construction	(11,674,942)	2,458,874	9,047,901	168,167	-	(0)
Capital under Construction	8,479,807	-	-	-	-	8,479,807
Depreciation	(1,941,885)	(145,046)	(139,595)	(3,803,713)	(588,846)	(6,619,085)
Carrying value of disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Carrying values at 30 June 2011	52,877,578	3,348,162	8,979,957	20,267,937	858,144	86,331,777
Cost	58,365,407	3,528,874	9,125,120	40,605,594	2,439,283	114,064,279
Capital under Construction	4,846,263	-	-	-	-	4,846,263
Accumulated depreciation	(10,334,092)	(180,712)	(145,163)	(20,337,658)	(1,581,139)	(32,578,764)

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11 INVENTORY				2011	2010
Projects - Work in progress				244,582,712	188,211,281
Total Inventory				244,582,712	188,211,281
11.1 Work in Progress					
Balance at the beginning of the year				188,211,281	124,043,492
Expenditure during the year				235,425,566	179,800,480
Less completed and transferred to local municipalities as per note 21				179,054,136	115,632,692
Balance at the end of the year				244,582,712	188,211,281
12 OTHER DEBTORS					
	Gross Balances		Provision for Bad Debts		Net Balance
As at 31 June 2011	R		R		R
Sundry Debtors					
Ogies Local Municipality	-				-
Department of Health			-		-
Other	329,845		-		329,845
Total	329,845		-		329,845
As at 30 June 2010	R		R		R
Sundry Debtors					
Ogies Local Municipality	-				-
Department of Health			-		-
Other	191,126		-		191,126
Total	191,126		-		191,126
				2011	2010
				R	R
Other : Ageing					
Current (0 – 30 days)				31,913	6,695
31 - 60 Days				29,087	21,469
61 - 90 Days				19,144	21,469
91 - 120 Days				15,359	35,101
+ 120 Days				234,343	106,392
Provision for Bad Debts				-	-
Total				329,845	191,126
				2011	2010
				R	R
Reconciliation of the bad debt provision					
Balance at beginning of the year				-	(0)
Contributions to provision				-	0
Bad debts written off against provision					
Reversal of provision					
Balance at end of year				-	-
Sundry Debtors as above				329,845	191,126
Payments made in advance				-	-
Unauthorized expenditure (see Note 28.1)				-	-
Insurance claims				-	-
Road reinstatements				-	-
Total Other Debtors				329,845	191,126
13 GRANTS RECOVERABLE FROM OTHER SPHERES OF GOVERNMENT					
Department of Agriculture and Land Affairs (refer to note 16.9 for more detail)				-	-
Total government Grants and Commitments				-	-

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14 CALL INVESTMENT DEPOSITS		2011	2010
Other Deposits		453,327,229	425,475,241
See annexure G for more detail on investments			
15 BANK AND CASH BALANCES			
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
ABSA Bank Limited Account number 1040161836			
Cash book balance at beginning of year (including Petty cash balance of R5200.00)		18,917,622	13,617,525
Cash book balance at end of year (including Petty cash balance of R5200.00)		12,825,045	18,917,622
Bank statement balance at beginning of year		26,167,270	19,424,771
Bank statement balance at end of period		18,855,558	26,167,270
16 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		16,858,000	11,113,513
RSC Levy Replacement Grant		265,446,495	256,825,000
Fire		-	-
MSIG		750,000	735,000
Transport		8,526	-
FMG		1,000,000	750,000
EPWP Incentive		596,000	284,750
Department of Agriculture and Land Affairs			66,540
Total Government Grant and Subsidies		284,659,021	269,774,803
16.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.			
16.2 RSC LEVY REPLACEMENT GRANT		2011	2010
In terms of the Division of Revenue Act this grant is used to subsidise the replacement of the RSC Levies that were abolished from 1 July 2006			

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

16.3 MSIG Grant		2011	2010
Balance unspent at beginning of year		-	-
Current year receipts		750,000	735,000
Conditions met - transferred to revenue		750,000	735,000
Conditions still to be met - transferred to liabilities (see note 6)		-	-
Department:	Planning and Development		
Purpose of Grant:	The municipal systems improvement grant under the vote of the Department of Provincial and Local Government focuses on stabilising municipal and governance systems, planning and implementation management support centres, reviewing integrated development plans and implementing the Municipal Systems Act (2000).		
All conditions of the grant has been met and the grant was never withheld			
16.4 TRANSPORT Grant			
Balance unspent at beginning of year		469,358	469,358
Current year receipts		-	-
Conditions met - transferred to revenue		8,526	-
Conditions still to be met - transferred to liabilities (see note 6)		460,832	469,358
Department:	Planning and Development		
Purpose of Grant:	This grant is to counter fund the integrated transport plan for the District.		
All conditions of the grant has been met and the grant was never withheld			
16.5 Finance Management Grant			
Balance unspent at beginning of year		-	-
Current year receipts		1,000,000	750,000
Conditions met - transferred to revenue		1,000,000	750,000
Conditions still to be met - transferred to liabilities (see note 6)		-	-
Department:	Finance		
Purpose of Grant:	To promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act (MFMA)		
All conditions of the grant has been met and the grant was never withheld			
16.6 Department of Agriculture and Land Affairs			
Balance unspent at beginning of year		-	851,160
Current year receipts		-	917,700
Conditions met - transferred to revenue		-	66,540
Conditions met still to be refunded to the municipality- transferred to current		-	-
Department:	Social Services		
Purpose of Grant:	The Grant is intended to: - Assist in Geo Technical Invetigation planning		
All conditions of the grant has been met and the municipality still needs to be			

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

16.7 EPWP Intensive Grant		2011	2010
Balance unspent at beginning of year		-	-
Current year receipts		596,000	284,750
Conditions met - transferred to revenue		596,000	284,750
Conditions met still to be refunded to the municipality- transferred to current		<u>1,192,000</u>	<u>-</u>
Department:	Planning & Development		
Purpose of Grant:	The Grant is intended to: - Assist in EPWP		
All conditions of the grant has been met and the municipality still needs to be			
Based on the allocations set out in the Division of Revenue Act, (Act ...of 2006), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.			
16.8 Changes in levels of government grants			
Based on the allocations set out in the Division of Revenue Act, (Act ...of 2006), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.			
16.9 DBSA Grant			
Balance unspent at beginning of year		339,466	131,993
Current year receipts		-	385,071
Conditions met - transferred to revenue		112,602	177,598
Conditions still to be met - transferred to liabilities (see note 7)		<u>226,864</u>	<u>339,466</u>
Department:	Social Services		
Purpose of Grant:	This grant was to draw up and Integrated Municipal Environmental Plan (IMEP).		
All conditions of the grant has been met and the grant was never withheld			
17 OTHER REVENUE			
Sundry income		3,303,526	1,429,841
Discount received		2,616,116	1,461,924
Total Other Income		<u>5,919,642</u>	<u>2,891,765</u>

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18 EMPLOYEE RELATED COSTS	2011	2010	
Employee related costs - Salaries and Wages	22,190,827	19,232,043	
Employee related costs - Contributions for UIF, pensions and medical aids	6,379,859	4,915,014	
Travel, motor car, other allowances	2,053,602	3,304,878	
Housing benefits and allowances	79,419	139,489	
Overtime payments	1,184,395	1,015,565	
Performance bonus	2,326,927	727,129	
Long-service awards/ Leave encashment	1,341,095	10,138	
Total Employee Related Costs	35,556,126	29,344,257	
There were no advances to employees.			
Remuneration of the Municipal Manager			
Annual Remuneration	1,074,479	1,125,534	
Performance Bonuses	-	148,989	
Car Allowance	220,000	220,000	
Contributions to UIF, Medical and Pension Funds	86,881	83,370	
Total	1,381,360	1,577,892	
Remuneration of the Acting Chief Finance Officer			
Annual Remuneration	676,362	643,075	
Performance Bonuses	-	52,203	
Car Allowance	84,000	84,000	
Contributions to UIF, Medical and Pension Funds	121,700	110,359	
Total	882,062	889,636	
Remuneration of Individual Executive Directors			
	Technical Services	Corporate Services	Social Services
	R	R	R
30-Jun-11			
Annual Remuneration	731,593	640,836	545,510
Overtime	-	-	-
Performance Bonuses	-	-	-
Car Allowance	108,000	162,000	180,000
Medical and pension funds	10,420	9,183	66,342
Total	850,014	812,019	791,853
30-Jun-10			
Annual Remuneration	740,137	426,707	302,228
Overtime	-	-	-
Performance Bonuses	69,397	-	-
Car Allowance	108,000	120,000	105,000
Medical and pension funds	9,664	6,123	38,473
Total	927,197	552,831	445,701

**NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

19 REMUNERATION OF COUNCILLORS				2011	2010
Executive Mayor			620,235	619,816	
Chief Whip			472,940	468,040	
Speaker			501,843	508,660	
Executive Committee Members			2,013,698	2,730,106	
Councillors			4,022,913	3,235,666	
Councillors' pension contribution			692,105	660,847	
Councillors' medical contribution and other contributions			265,537	305,732	
Total Councillors' Remuneration			8,589,272	8,528,867	
<i>In-kind Benefits</i>					
The Executive Mayor, Council Whip, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.					
The Executive Mayor has use of a Council owned vehicle for official duties.					
20 INTEREST PAID					
Long-term liabilities			3,159,969	3,372,430	
Finance leases			192,752	163,364	
Total Interest on External Borrowings			3,352,722	3,535,794	
21 GRANTS AND SUBSIDIES PAID					
The District Municipality funds infrastructure projects to local municipalities within its jurisdiction, which includes water, sanitation, township					
Grant paid to Local Municipalities out of own revenue					
General			21,042,849	15,860,149	
Delmas			12,200,495	13,079,707	
Dr JS Moroka			48,053,034	17,528,128	
Emalahleni			37,110,131	21,241,095	
Steve Tshwete			24,776,871	13,949,576	
Emakhazeni			11,267,306	19,644,504	
Thembisile			24,490,848	14,151,934	
Total Grants and Subsidies out of own revenue			178,941,534	115,465,094	
Grant paid to Local Municipalities out of Implementing Agents Funds					
General			-	-	
Thembisile			112,602	177,598	
Total Grants and Subsidies out of Implementing Agent Funds			112,602	177,598	
			179,054,136	115,632,692	
The cost disclosed as general is cost of projects done by the municipality on project management and related issues but which are not allocated to a specific local municipality.					

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

22 COMMITMENTS	2011	2010
22.1 Contracted and approved Projects to be completed		
Regional		9,061,043
General	24,755,358	12,103,377
Victor Khanye	30,449,412	17,697,865
Dr J S Moroka	22,938,961	31,451,894
Emalaheni	93,799,550	45,309,477
Steve Tshwete	52,031,716	35,002,819
Emakhazeni	34,009,593	19,076,400
Thembisile Hani	66,780,085	29,357,017
Other	29,499,626	1,447,631
	354,264,300	200,507,523
The District Municipality entered into contracts with services providers to constructs projects, which will subsequently be transferred to local municipalities.		
23 GENERAL EXPENSES	2011	2010
Other	12,785,539	11,620,485
Audit fees	2,333,016	1,021,480
Telecommunications	1,375,242	1,463,490
Travel & accommodation	1,455,364	1,510,021
Tourism	733,657	-
Fire fighting	3,799,829	321,252
Municipal Planning	3,361,829	1,475,176
Roads Thembisile Municipality	5,094,071	3,217,566
Less debited elsewhere	(17,218,132)	(9,918,530)
	13,720,415	10,710,941
24 CORRECCTION OF ERRORS		
24.1 Correction	2011	2010
The capturing of a server was accidently duplicated in the fixed asset register, Work in progress Kwamhlanga Fire Station incorrectly recorded, Work in progress disaster centre incorrectly captured as work in progress inventory and incorrect calculation of depreciation		
24.1.1 Property, Plant & Equipment		
24.1.1 Assets		
Balance previous reported		2010
Cost		105,354,343
Less Accumulated Depreciation		25,452,379
Carrying value		79,901,964
Correction made		
Cost		783,897
Less Accumulated Depreciation		507,300
Carrying value		276,596
Restated Balance reported after correction		
Cost		106,138,241
Less Accumulated Depreciation		25,959,679
Carrying value		80,178,562

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24.1.2 Accumulated surplus					
Balance previous reported					648,025,680
Correction made					(15,329)
Restated Balance after correction					648,010,350
24.1.3 Inventory Work in Progress					
Balance previous reported					188,503,210
Correction made					(291,929)
Restated Balance after correction					188,211,281
25 CASH GENERATED BY OPERATIONS			2011		2010
Surplus/(deficit) for the year			72,865,948		132,045,373
Adjustment for:-					
Depreciation			6,619,085		5,489,715
Contribution to provisions - non-current			1,755,830		1,326,751
Contribution to provisions – current			2,066,267		417,984
Interest paid			3,352,722		3,535,794
Investment income			(31,177,386)		(34,075,845)
Operating surplus before working capital changes:			55,482,465		109,290,121
(Increase) /Decrease in inventories			(56,371,431)		(64,171,494)
(Increase)/decrease in debtors			(138,719)		1,370,039
Increase / (Decrease) in creditors			26,225,704		6,987,194
Increase / (Decrease) in VAT			14,438,715		(22,836,313)
Cash generated by/(utilised in) operations			39,636,734		30,639,547
26 CASH AND CASH EQUIVALENTS					
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :					
Bank balances and cash			12,825,045		18,917,622
Call investment deposits			453,327,229		425,475,241
Total cash and cash equivalents			466,152,274		444,392,863
27 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION					
Long-term liabilities (see Note 2)			51,285,439		56,352,415
Used to finance property, plant and equipment – at cost			51,285,439		56,352,415
Sub- total			-		-
Cash set aside for the repayment of long-term liabilities			10,909,400		11,260,000
Cash invested for repayment of long-term liabilities (see note 14)			10,909,400		11,260,000

NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL								
28 EXPENDITURE DISALLOWED								
<u>28.1 Unauthorised expenditure</u>		2011	2010					
Reconciliation of unauthorised expenditure								
Opening balance		-	-					
Unauthorised expenditure current year		-	-					
Approved by Council or condoned		-	-					
Transfer to receivables for recovery (note 13)		-	-					
Unauthorised expenditure awaiting authorization		-	-					
		-	-					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; border: 1px solid black;">Incident</td> <td style="border: 1px solid black;">Disciplinary steps/criminal proceedings</td> </tr> <tr> <td style="border: 1px solid black;">AS a result of the determination dated 1 July</td> <td style="border: 1px solid black;"><i>No disciplinary hearing held</i></td> </tr> </table>		Incident	Disciplinary steps/criminal proceedings	AS a result of the determination dated 1 July	<i>No disciplinary hearing held</i>			
Incident	Disciplinary steps/criminal proceedings							
AS a result of the determination dated 1 July	<i>No disciplinary hearing held</i>							
<u>28.2 Fruitless and wasteful expenditure</u>								
Reconciliation of fruitless and wasteful expenditure								
Opening balance		-	-					
Fruitless and wasteful expenditure current year		-	-					
Condoned or written off by Council		-	-					
To be recovered – contingent asset (see note 46)		-	-					
Fruitless and wasteful expenditure awaiting condonement		-	-					
		-	-					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; border: 1px solid black;">Incident</td> <td style="border: 1px solid black;">Disciplinary steps/criminal proceedings</td> </tr> <tr> <td style="border: 1px solid black;"><i>No incident</i></td> <td style="border: 1px solid black;"><i>No disciplinary hearing held</i></td> </tr> </table>		Incident	Disciplinary steps/criminal proceedings	<i>No incident</i>	<i>No disciplinary hearing held</i>			
Incident	Disciplinary steps/criminal proceedings							
<i>No incident</i>	<i>No disciplinary hearing held</i>							
<u>28.3 Irregular expenditure</u>								
Reconciliation of irregular expenditure								
Opening balance		-	-					
Irregular expenditure current year		-	-					
Condoned or written off by Council		-	-					
Transfer to receivables for recovery – not condoned		-	-					
Irregular expenditure awaiting condonement		-	-					
		-	-					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; border: 1px solid black;">Incident</td> <td style="border: 1px solid black;">Disciplinary steps/criminal proceedings</td> </tr> <tr> <td style="border: 1px solid black;"><i>No incident</i></td> <td style="border: 1px solid black;"><i>No disciplinary hearing held</i></td> </tr> </table>		Incident	Disciplinary steps/criminal proceedings	<i>No incident</i>	<i>No disciplinary hearing held</i>			
Incident	Disciplinary steps/criminal proceedings							
<i>No incident</i>	<i>No disciplinary hearing held</i>							
29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT								
<u>29.1 Contributions to organized local government</u>								
Opening balance		-	-					
Council subscriptions		218,648	426,510					
Amount paid - current year		(218,648)	(426,510)					
Amount paid - previous years		-	-					
Balance unpaid (included in creditors)		-	-					
<u>29.2 Audit fees</u>								
Opening balance		-	-					
Current year audit fee		2,333,016	1,021,480					
Amount paid - current year		(2,333,016)	(1,021,480)					
Amount paid - previous years		-	-					
Balance unpaid (included in creditors)		-	-					

**NKANGALA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

<u>29.3 VAT</u>	2011	2010
VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.		
<u>29.4 PAYE and UIF</u>		
Opening balance	-	-
Current year payroll deductions	4,179,216	5,716,385
Amount paid - current year	(4,179,216)	(5,716,385)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
<u>29.5 Pension and Medical Aid Deductions</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	4,755,785	6,942,143
Amount paid - current year	(4,755,785)	(6,942,143)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
<u>29.6 Compliance with Chapter 11 of the Municipal Finance Management Act</u>		
Council's Supply Chain Policy was adopted in October 2005 (DM208/09/2005) with effective date 1 January 2006. The Supply Chain Unit was established December 2006. No deviations from the supply chain regulations occurred during the reporting period. The policy was reviewed by management on the 14 February 2011, which resolved that no changes need to be affected during the year under review.		
	R	R
30 CONTINGENT LIABILITY	2011	2010
Except for the guarantees held in lieu of Retention disclosed in note 4 Council has no other contingent liabilities		
31 CONTINGENT ASSETS		
Except for guaranteed value disclosed in note 10 Council doesn't have any contingent assets		
32 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).		

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX A

NKANGALA DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Loan Redeemable Number	Balance at 2010/06/30	Received during the period	Redeemed written off during the period	Balance at 30/06/2011	Less short term portion	Long term portion	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS		R	R	R	R			R	R
1996@ 6 months JIBAR plus 2%.	1	30/09/2019 30,171,098	-	3,175,905	26,995,193	3,857,183	23,138,010	-	-
2004 @ 12.28% p.a. INCA	2	30/12/2018 26,181,317		1,891,071	24,290,246	2,122,595	22,167,651	35,000,000	-
Total long-term loans		56,352,415	-	5,066,976	51,285,439	5,979,778	45,305,661	35,000,000	-
FINANCE LEASE LIABILITIES	Lease Redeemable Number	Balance at 2010/06/30	Received during the period	Redeemed written off during the period	Balance at 30/06/2011	Less short term portion	Long term portion	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS		R	R	R	R			R	R
Gestetner Finance (Gestetner MPC 300AD)	1	31/08/2012 37,465		15,945	21,520	18,236	3,284	16,935	-
Gestetner Finance (Gestetner MP 1350)	2	31/08/2012 725,070		308,585	416,486	352,920	63,565	327,742	-
GESTETNER COLOUR DIGITAL MPC 3300	9	25/03/2013 124,286		39,242	85,044	45,776	39,268	77,694	-
GESTETNER COLOUR DIGITAL MPC2800A	10	25/03/2013 105,334		33,258	72,076	38,796	33,280	65,846	-
GESTETNER DIGITAL MFP PRO1357EX	11	25/03/2013 481,140		151,916	329,224	177,210	152,014	300,768	-
GESTETNER MONO DIGITAL MP4000CSP	12	25/03/2013 110,635		34,932	75,703	40,748	34,955	69,160	-
Total long-term Finance leases		1,583,931	-	583,878	1,000,053	673,686	326,367	858,145	-
TOTAL EXTERNAL LOANS		57,936,346	-	5,650,854	52,285,492	6,653,464	45,632,027	36,984,033	-

APPENDICES TO THE FINANCIAL STATEMENTS

**APPENDIX B
NKANGALA DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2011**

	Cost				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Infrastructure Assets	1,070,000	-	2,458,874	-	3,528,874	35,667	145,046	-	180,712	3,348,162
Electricity	-	-	-	-	-	-	-	-	-	-
Roads	1,070,000	-	2,458,874	-	3,528,874	35,667	145,046	-	180,712	3,348,162
Sewerage	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Community assets	32,145	45,074	9,047,901	-	9,125,120	5,568	139,595	-	145,163	8,979,957
Buildings	-	-	-	-	-	-	-	-	-	-
Fire Station	-	-	9,047,901	-	9,047,901	-	132,844	-	132,844	8,915,057
Recreational	32,145	45,074	-	-	77,219	5,568	6,751	-	12,319	64,900
Other Assets	38,629,290	4,247,421	168,167	-	43,044,877	17,526,240	4,392,560	-	21,918,797	21,126,080
- Accounting and Office Machine	14,676,110	713,667	-	-	15,389,776	8,857,832	1,950,573	-	10,808,402	4,581,374
- Plant and Equipment	8,540,722	-	168,167	-	8,708,889	2,030,326	760,660	-	2,790,985	5,917,903
- Security measures	219,700	12,600	-	-	232,300	111,440	20,904	-	132,344	99,956
- Furniture and appliances	9,499,726	49,454	-	-	9,549,180	4,594,058	843,388	-	5,437,446	4,111,734
- Bins	-	1,227	-	-	1,227	-	15	-	15	1,213
- Vehicles	3,386,968	2,170,233	-	-	5,557,200	1,514,469	598,865	-	2,113,335	3,443,866
- Emergency Equipment	2,306,065	1,300,240	-	-	3,606,305	418,115	218,155	-	636,270	2,970,035
Land and Buildings	66,406,804	8,479,807	(11,674,942)	-	63,211,669	8,392,207	1,941,885	-	10,334,092	52,877,578
- Land	300,000	-	-	-	300,000	-	-	-	-	300,000
- Buildings	58,065,406	-	-	-	58,065,406	8,392,207	1,941,885	-	10,334,092	47,731,315
- Capital under construction	8,041,398	8,479,807	(11,674,942)	-	4,846,263	-	0	-	0	4,846,263
Total	106,138,238	12,772,302	-	-	118,910,541	25,959,678	6,619,085	-	32,578,763	86,331,777

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX C										
NKANGALA DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2011										
	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	78,744,438	385,705	-	-	79,130,143	20,173,531	4,209,153	-	24,382,684	54,747,459
Finance & Admin	3,957,078	194,432	-	-	4,151,511	2,234,510	467,004	-	2,701,514	1,449,996
Planning & Development	10,156,846	198,565	-	-	10,355,411	3,182,232	954,002	-	4,136,234	6,219,177
Community & Social Services	5,238,478	3,513,793	11,674,942	-	20,427,213	369,405	988,926	-	1,358,331	19,068,882
Work in progress	8,041,398	8,479,807	(11,674,942)	-	4,846,263	-	-	-	-	4,846,263
TOTAL	106,138,238	12,772,302	-	-	118,910,541	25,959,678	6,619,085	-	32,578,763	86,331,777

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX D							
NKANGALA DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2011							
2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)			2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)
R	R	R			R	R	R
Restated	Restated	Restated					
877	27,060,611	(27,059,734)	Executive & Council		-	25,794,623	(25,794,623)
305,940,873	13,521,981	292,418,892	Finance & Admin		321,261,870	18,027,284	303,234,585
979,138	116,678,308	(115,699,170)	Planning & Development		871,128	181,407,773	(180,536,645)
-	12,066,196	(12,066,196)	Community & Social Services		-	13,525,768	(13,525,768)
-	5,548,420	(5,548,420)	Primary Functions		-	10,511,601	(10,511,601)
306,920,888	174,875,515	132,045,373	Sub Total		322,132,998	249,267,050	72,865,948
-	-	-	Less Inter-Department Charges		-	-	-
306,920,888	174,875,515	132,045,373	Total		322,132,998	249,267,050	72,865,948

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX E(1)

NKANGALA DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE PERIOD ENDED 30 JUNE 2011

	2011	2011	2011	2011	<u>Explanation of Significant Variances</u>
REVENUE	Actual YTD (R)	Budget (R)	Variance	Variance (%)	greater than 10% versus Budget
Rental of facilities and equipment	264,347	-	264,347	-	
Interest earned - external investments	31,135,900	20,850,000	10,285,900	49.33	Investments were made at better rates as initially estimated
Interest earned - outstanding debtors	41,486	97,000	(55,514)	(57.23)	Less interest was collected as estimated
Income for agency services	112,602	339,466	(226,864)	-	
Government grants and subsidies	284,659,021	283,162,000	1,497,021	0.53	
Other income	5,919,642	1,311,000	4,608,642	351.54	The income from selling of tender documents and discount received was more than what was estimated
Surplus cash			-	-	
Total Revenue	322,132,998	305,759,466	16,373,532	5.36	
			-	-	
EXPENDITURE			-	-	
Executive & Council	25,794,623	36,506,184	10,711,561	29.34	Under-expenditure is mainly as a result of vacancies not filled
Finance & Admin	18,027,284	23,134,157	5,106,873	22.08	Under-expenditure is mainly as a result of vacancies not filled due to scarce skills whereby in some instances advertisement were done more than once.
Planning & Development	181,407,773	504,584,201	323,176,428	64.05	Under expenditure mainly due to vacancies not filled and project expenditure that is not 100% completed is disclosed as Work in progress
Community & Social Services	13,525,768	19,456,098	5,930,330	30.48	An allocation was made in anticipation of the transfer of Municipal Health Services function and unfortunately the transfer did not take place.
Primary Functions	10,511,601	69,710,139	59,198,538	84.92	Underspending is as a result of the clarification of responsibilities with regard to powers and functions between Thembisile Hani LM and Nkangala DM and project expenditure that is not 100% completed is disclosed as Work in progress
Less Inter-Departmental Charges	-	-	-	-	
Total Expenditure	249,267,050	653,390,779	404,123,729	61.85	
NET SURPLUS/(DEFICIT) FOR THE YEAR	72,865,948	(347,631,313)	(420,497,261)	121	

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX E(2)						
NKANGALA DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE PERIOD ENDED 30 JUNE 2011						
	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>
	<u>Actual</u>	<u>Under</u>	<u>Total</u>	<u>Budget</u>	<u>Variance</u>	<u>Variance</u>
	<u>Construction</u>	<u>Additions</u>				<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R	R	R	R	% <i>(Explanations to be recorded)</i>
Executive & Council	385,705	-	385,705	1,853,500	1,467,795	79 New equipment and furniture were budgeted in anticipation of all vacancies being filled during the year under review.
Finance & Admin	194,432	-	194,432	396,500	202,068	51 New equipment and furniture were budgeted in anticipation of all vacancies being filled during the year under review.
Planning & Development	198,565	-	198,565	200,000	1,435	1
Community & Social Serv	3,513,793	-	3,513,793	1,704,062	(1,809,731)	(106) This expenditure was budgeted for under the project expenditure falling under planning and development and assets falls back to the NDM
Work in progress		8,479,807				
TOTAL	4,292,495	8,479,807	4,292,495	4,154,062	(138,433)	(3)

APPENDICES TO THE FINANCIAL STATEMENTS

NKANGALA DISTRICT MUNICIPALITY: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2011																			
Grant and Subsidies Received																			
Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11			
		Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No				
MSIG	National Gov		750,000				557,079	235,364	309,510	219,846	65,340	-	-	-	-	-	NA	Yes	NA
FMG	National Gov		1,000,000				436,536		172,586	163,987	668,004	-	-	-	-	-	NA	Yes	NA
EPWP INCENTIVE G	National Gov			506,000	-	90,000			506,000	-	90,000						NA	Yes	NA
		-	1,750,000	506,000	-	90,000	993,615	235,364	988,096	383,833	823,344								

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX G
NKANGALA DISTRICT MUNICIPALITY: SCHEDULE OF INVESTMENTS AS AT 30 JUNE 2011

Bank	Call	30 Days	60 Days	90+ Days	Long Term	Total
ABSA	10,095,381	33,000,000	15,000,000	15,000,000		73,095,381
Nedbank	14,274,796	10,000,000	5,000,000	4,000,000		33,274,796
FNB	5,664,870	33,169,930	17,000,000	20,000,000		75,834,801
Standard Bank	88,304,206	21,000,000	10,000,000	-		119,304,206
Sanlam	61,467,023					61,467,023
Investec	21,479,330	21,000,000	25,000,000	21,721,170	35,463,986	124,664,486
Accrued	1,150,523	-	-	-		1,150,523
Total	202,436,129	118,169,930	72,000,000	60,721,170	35,463,986	488,791,215

APPENDICES TO THE FINANCIAL STATEMENTS

Annexure H

BUDGET INFORMATION TO THE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2011

Description	2010/11								
	Original Budget	Budget Adjustment	Virement	Final Budget	Actual outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual outcome as % of Original Budget
				(1+2+3)			(5-4)	(5/4*100)	(5/1*100)
	1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Investment Revenue	20,947,000	-	-	20,947,000	31,177,386	-	10,230,386	148.84	148.84
Transfer recognised	283,162,000	339,466	-	283,501,466	284,771,623	-	1,270,157	100.45	100.57
Other own revenue	1,311,000	-	-	1,311,000	5,919,642	-	4,608,642	451.54	451.54
Total Revenue	305,420,000	339,466	-	305,759,466	321,868,651	-	16,109,185	105	105
Employee cost	63,529,194	(21,765,750)	-	41,763,444	35,556,126	-	(6,207,319)	85.14	55.97
Remuneration to councillors	12,681,158	(2,751,000)	-	9,930,158	8,689,272	-	(1,340,886)	86.50	67.73
Debt impairment	120,000	(80,000)	-	40,000	5,960	-	(34,040)	14.90	4.97
Depreciation and asset impairment	5,755,000	2,940,087	-	8,695,087	6,619,085	-	(2,076,001)	76.12	115.01
Finance Charges	4,613,152	-	-	4,613,152	3,352,722	-	(1,260,431)	72.68	72.68
Transfer & Grants	481,846,362	22,311,914	-	504,158,276	179,054,136	-	(325,104,140)	35.52	37.16
Other expenditure	59,504,084	(483,507)	-	59,020,577	16,089,749	-	(42,930,828)	27.26	27.04
Total Expenditure	628,048,950	171,744	-	628,220,694	249,267,050	-	(378,953,645)	40	40
Surplus / (Defecit)	(322,628,950)	167,722	-	(322,461,228)	72,601,601	-	395,062,830	(23)	(23)
Capital Expenditure & Funds sources									
Capital Expenditure									
Transfers									
Public contributions & Donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	4,129,032	25,030	-	4,154,062	4,292,495	-	138,433	103.33	103.96
Total sources of capital expenditure	4,129,032	25,030	-	4,154,062	4,292,495	-	138,433	103	104
Cash flows									
Cash/ cash equivalents at the beginning of the year	444,392,863	-	-	444,392,863	444,392,863	-	-	100.00	100.00
Nett cash flow from operating	(316,753,950)	3,031,831	-	(313,722,120)	67,461,398	-	381,183,518	(21.50)	(21.30)
Nett cash flow from investing	(36,129,032)	(25,030)	-	(36,154,062)	(40,051,133)	-	(3,897,071)	110.78	110.86
Nett cash flow from financing	(5,909,400)	-	-	(5,909,400)	(5,650,854)	-	258,546	95.62	95.62
Nett cash outflow	(358,792,382)	3,006,801	-	(355,785,582)	21,759,411	-	377,544,993	(6.12)	(6.06)
Cash/ cash equivalents at the year end	85,600,480	3,006,801	-	88,607,281	466,152,274	-	213,474	526.09	544.57