



**IKWEZI LOCAL MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2012**

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

General Information

Legal form of entity	Local Municipality
Type of municipality	Plenary
Members of the council	
Executive Mayor	S A Mngwevu
Speaker	S A Mngwevu
Members	K Hendricks M Bonaparte L Ntame A Mboneni J Lewis B W Seekoei
Grading of local authority	2
Municipal Manager	T Gutas
Chief Finance Officer	N Bomvane
Registered office	Ikwezi Local Municipality 34 Main Street Jansenville 6265
Physical address	34 Main Street Jansenville 6265
Postal address	P O Box 12 Jansenville 6265
Bankers	ABSA Bank - Jansenville
Auditors	Auditor General of South Africa
Telephone number	049 836 0021
Fax number	049 836 0105
Email address	registry@ikwezimunicipality.co.za

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Approval of Annual Financial Statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 33, 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 25 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.

T Gutas
Municipal Manager
31 August 2012

IKWEZI LOCAL MUNICIPALITY

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Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Current Assets			
Trade and other receivables from exchange transactions	3	1 712 191	147 804
Consumer debtors	4	140 428	224 277
VAT receivable	5	1 283 873	1 498 381
Cash and cash equivalents	6	311 456	212 705
		3 447 948	2 083 167
Non-Current Assets			
Property, Plant and Equipment	7	61 930 313	56 924 524
Investment Property	8	15 465 360	15 465 360
Intangible Assets	9	378 602	524 693
		77 774 275	72 914 577
Total Assets		81 222 223	74 997 744
Liabilities			
Current Liabilities			
Finance lease obligation	10	270 244	270 244
Trade and other payables from exchange transactions	11	9 810 357	10 256 892
Unspent conditional grants and receipts	12	3 556 118	4 474 827
Provisions	13	10 058 780	592 667
Bank overdraft	6	1 792 578	153 630
		25 488 077	15 748 260
Non-Current Liabilities			
Finance lease obligation	10	912 242	912 242
Provisions	13	8 385 000	8 385 000
		9 297 242	9 297 242
Total Liabilities		34 785 319	25 045 502
Net Assets		46 436 904	49 952 240
Net Assets			
Accumulated surplus		46 436 904	49 952 240

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Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Contributions and donations		-	123 870
Government grants & subsidies	14	25 968 417	32 953 438
Interest earned - outstanding receivables		503 582	611 840
Interest received - investment	15	139 939	654 316
Licences and permits		934 763	251 092
Other income	16	1 807 606	375 066
Property rates	17	1 042 936	1 129 353
Property rates - penalties imposed and collection charges	17	247 507	-
Rental of facilities and equipment		174 308	29 056
Service charges	18	7 755 663	5 376 302
Total Revenue		38 574 721	41 504 333
Expenditure			
Bulk purchases	19	(4 962 174)	-
Debt impairment	20	(11 820 411)	(2 574 150)
Depreciation and amortisation	22	(1 427 405)	(1 422 782)
Employee related costs	21	(13 452 080)	(11 327 625)
Finance costs	23	(94 941)	(79 883)
General expenses	24	(5 899 522)	(17 149 352)
Grants expenditure		(453 718)	-
Loss on disposal of assets		(2 418)	(392 895)
Remuneration of councillors	25	(915 384)	(758 156)
Repairs and maintenance		(1 037 473)	(989 858)
Total Expenditure		(43 703 426)	(33 263 419)
(Deficit) surplus for the year		(5 128 705)	8 240 914

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	70 427 079	70 427 079
Adjustments		
Prior year adjustments	(28 124 628)	(28 124 628)
Balance at 01 July 2010 as restated	42 302 451	42 302 451
Changes in net assets		
VAT and intangibles	832 718	832 718
Prior year debtors adjustments	(31 939)	(31 939)
Audit adjustment	39 378	39 378
Net income (losses) recognised directly in net assets	840 157	840 157
Surplus for the year	6 809 632	6 809 632
Total recognised income and expenses for the year	7 649 789	7 649 789
Total changes	7 649 789	7 649 789
Balance at 01 July 2011 as restated	49 952 244	49 952 244
Changes in net assets		
Prior year adjustments	(2 024 535)	(2 024 535)
Net income (losses) recognised directly in net assets	(2 024 535)	(2 024 535)
Surplus for the year	(1 490 805)	(1 490 805)
Total recognised income and expenses for the year	(3 515 340)	(3 515 340)
Total changes	(3 515 340)	(3 515 340)
Balance at 30 June 2012	46 436 904	46 436 904
Note(s)		

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Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Sale of goods and services		9 549 688	1 598 455
Grants		25 968 417	32 953 438
Interest income		139 939	654 316
Other receipts		2 916 677	1 871 610
Movement in debtors		(1 480 538)	(553 739)
		<u>37 094 183</u>	<u>36 524 080</u>
Payments			
Employee costs		13 452 080	(12 085 781)
Suppliers		(38 765 003)	(14 520 411)
Finance costs		(94 941)	(65 933)
Repairs and maintenance		(1 037 473)	(989 858)
General expenses		(5 899 522)	(762 586)
		<u>(32 344 859)</u>	<u>(28 424 569)</u>
Net cash flows from operating activities	28	<u>4 749 324</u>	<u>8 099 511</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(6 289 521)	(21 679 351)
Proceeds from sale of property, plant and equipment	7	(1)	(392 895)
Purchase of investment property	8	-	(123 870)
Proceeds from sale of investment property	8	-	8 500
Net cash flows from investing activities		<u>(6 289 522)</u>	<u>(22 187 616)</u>
Cash flows from financing activities			
Finance lease payments		-	1 021 430
Other cash item		-	78 651
Net cash flows from financing activities		<u>-</u>	<u>1 100 081</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1 540 198)</u>	<u>(12 988 024)</u>
Cash and cash equivalents at the beginning of the year		59 075	13 047 099
Cash and cash equivalents at the end of the year	6	<u>(1 481 123)</u>	<u>59 075</u>

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Summary of Significant Accounting Policies

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 of Currency

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

1.3 Going Concern Assumption

The municipality is currently in a deficit position and has a minimum cash holding as at year end. Municipalities are not run on basis of a profit motive and will continue to receive equitable share in order to serve the local community. For this reason, we believe that the municipality will continue to operate as a going concern.

1.4 Comparative Figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.5 Standards, Amendments to Standards and Interpretations Issued But Not Yet Effective

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

GRAP 8 Interest in Joint Ventures - issued August 2006
GRAP 18 Segment Reporting - issued March 2005
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 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009
IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

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Summary of Significant Accounting Policies

1.6 Investment Property

1.6.1 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.

1.6.2 Subsequent Measurement - Fair Value Model

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

Investment property 30 years

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Summary of Significant Accounting Policies

1.7 Property, Plant and Equipment

1.7.1 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, it's 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.

1.7.2 Subsequent Measurement - Revaluation Model (Land and Buildings)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. The municipality elected to utilise Directive 7, deemed cost for all movable assets for where information about the acquisition cost was unavailable.

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

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

1.7.3 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment (movable assets) 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.

1.7.4 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:

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Summary of Significant Accounting Policies

1.7 Property, Plant and Equipment (continued)

Item	Average Useful Life
Infrastructure	
• Roads and Paving	30 years
• Storm Water Drainage	20 years
Community	
• Buildings	30 years
• Halls	30 years
• Libraries	30 years
• Recreational Facilities	20-30 years
• Parks and Gardens	10 years
• Security	5 years
Finance Leased Assets	
• Motor vehicles	5 years
Other Assets	
• Buildings	30 years
• Landfill sites	15 years
• Specialist vehicles	10 years
• Other vehicles	5 years
• Bins and containers	5 years
• Specialised plant and equipment	10-15 years
• Furniture and fixtures	7-10 years
• Office equipment	3-7 years
• Computer equipment	3 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests 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 property, plant and equipment 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.

1.7.5 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.

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Summary of Significant Accounting Policies

1.8 Intangible Assets

1.8.1 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.

1.8.2 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.

1.8.3 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	5 years
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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.

1.8.4 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.

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Summary of Significant Accounting Policies

1.9 Financial instruments

1.9.1 Initial Recognition

Financial instruments are initially recognised at fair value.

1.9.2 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. 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.

1.9.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, 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.

1.9.2.2 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.

1.9.2.3 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.

1.9.2.4 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.

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Summary of Significant Accounting Policies

1.10 Leases

1.10.1 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.

1.10.2 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.

1.11 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.

1.12 Fruitless and wasteful expenditure

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

1.13 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.

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Summary of Significant Accounting Policies

1.14 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.

1.15 Revenue

1.15.1 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. Electricity meters are read on a monthly basis and are recognised as revenue when invoiced. Consumption for water services is charged at a flat rate. 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale (cash basis).

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.

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

Interest revenue is recognised on a time proportion basis at prime rates.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

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.

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Annual Financial Statements for the year ended 30 June 2012

Summary of Significant Accounting Policies

1.15 Revenue (continued)

1.15.2 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.

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.

1.15.3 Grants, Transfers and Donations

A 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.

1.16 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.

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Summary of Significant Accounting Policies

1.17 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.

1.18 Value Added Tax

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec 15(2)(a) of the Value Added Tax Act No 89 of 1991.

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Ikwezi Local Municipality is a low capacity Municipality and hence has to fully comply to all accounting standards as issued by Directive 5 of the Accounting Standards Board.

The accounting implication in the current year would require Ikwezi to comply fully with the Standards of Generally Recognised Accounting Practice and the exemption of valuation would be adjusted for retrospectively in the annual financial statements.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the full implementation of the following standards:

- GRAP 16 - Investment Property
- GRAP 17 - Property, Plant and Equipment
- GRAP 102- Intangible Assets

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2011 is as follows:

Statement of financial position

Property, Plant and Equipment

Previously stated	-	84 753 348
Adjustment	-	(27 828 824)
	-	56 924 524

Investment Property

Previously stated	-	16 862 810
Adjustment	-	(1 397 450)
	-	15 465 360

Intangible Asset

Previously stated	-	4
Adjustment	-	730 453
	-	730 457

Opening retained earnings

Previously stated	78 551 661	70 427 078
Adjustment	(29 226 369)	(28 124 628)
	49 325 292	42 302 450

Statement of Financial Performance

Depreciation

Adjustment	-	1 217 018
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Amortisation

Adjustment	-	205 765
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IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
3. Trade and other receivables from exchange transactions		
Fuel deposits	20 000	20 000
Government subsidies	66 344	66 344
Sundry debtors	1 625 847	-
Accumulated interest - investments	-	61 460
	1 712 191	147 804
4. Consumer debtors		
Gross balances		
Rates	2 252 139	1 790 554
Electricity	898 729	343 324
Water	2 735 925	1 930 580
Sewerage	2 687 500	2 585 907
Refuse	3 386 546	2 675 113
	11 960 839	9 325 478
Less: Provision for debt impairment		
Rates	2 251 189	1 747 491
Electricity	898 145	335 067
Water	2 735 849	1 884 150
Sewerage	2 686 874	2 523 716
Refuse	3 248 354	2 610 777
	11 820 411	9 101 201
Net balance		
Rates	950	43 063
Electricity	584	8 257
Water	76	46 430
Sewerage	626	62 191
Refuse	138 192	64 336
	140 428	224 277
Rates		
Current (0 -30 days)	23 573	32 135
31 - 60 days	18 311	26 404
61 - 90 days	16 220	24 235
91 - 120 days	16 031	22 295
121 - 365 days	2 178 004	1 685 485
	2 252 139	1 790 554
Electricity		
Current (0 -30 days)	160 490	61 210
31 - 60 days	120 425	41 596
61 - 90 days	84 717	33 054
91 - 120 days	72 344	11 510
121 - 365 days	501 788	195 954
> 365 days	(41 035)	-
	898 729	343 324

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
4. Consumer debtors (continued)		
Water		
Current (0 -30 days)	51 369	49 175
31 - 60 days	51 186	46 152
61 - 90 days	45 895	45 275
91 - 120 days	44 566	43 982
121 - 365 days	2 162 184	1 745 996
> 365 days	380 725	-
	2 735 925	1 930 580
Sewerage		
Current (0 -30 days)	53 697	38 071
31 - 60 days	51 955	36 892
61 - 90 days	50 900	36 569
91 - 120 days	49 864	35 820
121 - 365 days	2 896 380	2 438 555
> 365 days	(415 296)	-
	2 687 500	2 585 907
Refuse		
Current (0 -30 days)	51 585	44 379
31 - 60 days	50 727	41 799
61 - 90 days	46 662	41 173
91 - 120 days	46 118	40 279
121 - 365 days	2 931 799	2 507 483
	3 126 891	2 675 113
5. VAT receivable		
VAT	1 283 873	1 498 381
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Short-term deposits	311 456	212 705
Bank overdraft	(1 792 578)	(153 630)
	(1 481 122)	59 075
Current assets	311 456	212 705
Current liabilities	(1 792 578)	(153 630)
	(1 481 122)	59 075

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

7. Property, Plant and Equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leased assets	1 257 371	(144 845)	1 112 526	1 257 371	(58 924)	1 198 447
Movable assets	1 506 062	(768 210)	737 852	1 255 585	(558 158)	697 427
Infrastructure assets	28 947 917	(3 557 629)	25 390 288	28 947 917	(2 573 757)	26 374 160
Capital work in progress	26 304 647	-	26 304 647	20 269 490	-	20 269 490
Landfill site	8 385 000	-	8 385 000	8 385 000	-	8 385 000
Total	66 400 997	(4 470 684)	61 930 313	60 115 363	(3 190 839)	56 924 524

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Leased assets	1 198 447	-	-	(85 921)	1 112 526
Movable assets	697 427	254 364	(2 417)	(211 522)	737 852
Infrastructure assets	26 374 160	-	-	(983 872)	25 390 288
Capital work in progress	20 269 490	6 035 157	-	-	26 304 647
Landfill site	8 385 000	-	-	-	8 385 000
	56 924 524	6 289 521	(2 417)	(1 281 315)	61 930 313

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Change in accounting policy	Other changes, movements	Depreciation	Total
Leased assets	403 652	1 257 371	(403 652)	-	(58 924)	1 198 447
Movable assets	861 226	152 490	(141 168)	-	(175 121)	697 427
Infrastructure assets	53 424 119	-	(26 066 987)	-	(982 972)	26 374 160
Capital work in progress	-	20 269 490	-	-	-	20 269 490
Landfill site	9 036 400	-	-	(651 400)	-	8 385 000
	63 725 397	21 679 351	(26 611 807)	(651 400)	(1 217 017)	56 924 524

The municipality elected to utilize Directive 7, deemed cost for all movable assets where information about the acquisition cost was unavailable.

Total carrying amount of all assets valued in terms of Directive 7 amounted to R17 579 270.

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

8. Investment Property

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	15 465 360	-	15 465 360	15 465 360	-	15 465 360

Reconciliation of investment property - 2011

	Opening balance	Additions	Disposals	Total
Investment property	15 349 990	123 870	(8 500)	15 465 360

9. Intangible Assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Performance management system	730 250	(351 648)	378 602	730 458	(205 765)	524 693

Reconciliation of intangible assets - 2012

	Opening balance	Amortisation	Total
Performance management system	524 693	(146 091)	378 602

Reconciliation of intangible assets - 2011

	Opening balance	Other changes, movements	Amortisation	Total
Performance management system	4	730 454	(205 765)	524 693

10. Finance lease obligation

Minimum lease payments due

- within one year	274 607	274 607
- in second to fifth year inclusive	918 759	918 759
	1 193 366	1 193 366
less: future finance charges	(10 880)	(10 880)
Present value of minimum lease payments	1 182 486	1 182 486

Non-current liabilities	912 242	912 242
Current liabilities	270 244	270 244
	1 182 486	1 182 486

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
11. Trade and other payables from exchange transactions		
Sundry creditors	336 951	2 054 996
Trade creditors	7 048 587	7 758 520
Service charges paid in advance	-	2 160
Other creditors	2 315 104	331 501
Rentions	109 715	109 715
	9 810 357	10 256 892
12. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Hiv Aids Programme	39 631	39 631
Financial Management Grant	-	31 719
Local Economic Development Grant	1 645 893	2 115 623
Tourism Grant - Cacadu	130 000	130 000
International Mohair Summit	1 872 385	-
Health Department Grant	236 916	236 916
Spatial Development Grant	212 759	350 000
Grap Conversion Grant	231 897	-
CIP Fund	199 725	199 725
Mun Admin: Water Serv Author	-	250 000
Other Grants	(1 013 088)	1 121 213
	3 556 118	4 474 827
Movement during the year		
Balance at the beginning of the year	4 474 829	12 921 977
Additions during the year	25 664 774	24 506 288
Income recognition during the year	(26 583 485)	(32 953 438)
	3 556 118	4 474 829

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011		
13. Provisions				
Reconciliation of provisions - 2012				
	Opening Balance	Utilised during the year	Total	
Landfill site	8 385 000	-	8 385 000	
Performance bonuses - s57 employees	184 963	38 617	223 580	
Provision for leave pay	407 704	9 427 496	9 835 200	
	8 977 667	9 466 113	18 443 780	
Reconciliation of provisions - 2011				
	Opening Balance	Utilised during the year	Reversed during the year	Total
Landfill site	9 036 400	-	(651 400)	8 385 000
Performance bonuses - s57 employees	168 239	16 724	-	184 963
Provision for leave pay	533 018	(125 314)	-	407 704
	9 737 657	(108 590)	(651 400)	8 977 667
Non-current liabilities			8 385 000	8 385 000
Current liabilities			10 058 780	592 667
			18 443 780	8 977 667
Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.				
The balance of the performance bonus provisions relate to amounts not yet paid to section 57 employees.				
14. Government grants and subsidies				
Equitable Share		13 753 000	11 553 081	
Municipal Infrastructure Grant		9 459 034	8 331 270	
Finance Management Grant		1 763 178	-	
Municipal Systems Improvement Grant		532 275	750 000	
Government Grant - Other		460 930	12 319 087	
		25 968 417	32 953 438	
15. Interest received - investment				
Bank and investment		139 939	654 316	
16. Other income				
Sundry income		1 807 606	375 066	
17. Property rates				
Rates raised		1 042 936	1 129 667	
Less: Income forgone		-	(314)	
		1 042 936	1 129 353	
Property rates - penalties imposed and collection charges		247 507	-	
		1 290 443	1 129 353	

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
18. Service charges		
Sale of electricity	4 466 054	3 671 051
Sale of water	1 005 656	670 108
Sewerage and sanitation charges	1 231 300	453 477
Refuse removal	1 052 653	581 666
	7 755 663	5 376 302
19. Bulk purchases		
Sewer purification	4 962 174	-
20. Debt impairment		
Bad debts	11 820 411	2 574 150

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
21. Employee related costs		
Bargain council	95 593	3 169
Basic	8 872 939	7 820 637
Bonus	1 033 171	541 859
Housing allowance	22 406	11 535
Leave pay provision charge	-	331 501
Medical aid	355 296	320 754
Other allowances	3 290	63 951
Overtime payments	546 107	428 574
Pension fund	957 602	633 141
Skills development levy	68 244	74 482
Standby allowance	79 205	49 778
Subsistence allowance	875 832	573 734
Travel allowance	369 802	404 794
Unemployment insurance fund	172 593	69 716
	13 452 080	11 327 625
Remuneration of Municipal Manager		
Annual Remuneration	281 833	455 169
Car Allowance	47 000	84 000
Performance Bonuses	99 210	77 163
Cellphone allowance	1 200	-
Public office allowance	6 000	12 000
Subsistence allowance	6 000	-
Backpay	22 966	-
	464 209	628 332
Remuneration of Chief Finance Officer		
Annual Remuneration	323 458	301 000
Car Allowance	84 000	84 000
Performance Bonuses	69 300	53 900
Backpay	16 042	-
	492 800	438 900
Remuneration Technical Services Manager		
Annual Remuneration	70 583	385 000
Performance Bonuses	-	53 900
Cellphone allowance	2 000	-
	72 583	438 900
22. Depreciation and amortisation		
Property, Plant and Equipment	1 281 314	1 217 017
Intangible assets	146 091	205 765
	1 427 405	1 422 782
23. Finance costs		
Finance leases	-	13 950
Interest on external borrowings	94 941	65 933
	94 941	79 883

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
24. General expenses		
Accounting fees	2 602 629	-
Advertising	145 989	108 678
Assessment rates & municipal charges	2 162	-
Audit committee fees	38 530	277 010
Audit fees - external	1 104 751	408 708
Audit fees - internal	764 053	1 316 464
Bank charges	139 398	112 652
Chemicals	174 608	310 245
Cleaning	48 692	-
Computer expenses	220 466	-
Congress fees	27 500	12 542
Courier services	25 944	5 963
Electricity	-	4 051 542
Entertainment	172 854	187 127
Fuel and oil	463 860	413 646
Indigent free services	1 989 844	1 616 002
Insurance	144 294	160 068
Inventory items	-	69
Lease rentals on operating lease	292 136	14 409
Licenses	431 198	60 999
Magazines, books and periodicals	23 379	4 856
Marketing	126 793	8 125
Motor vehicle and plant expenses	243 259	-
Other expenses	-	4 192 151
Pauper burials	13 120	11 990
Postage and courier	53 420	65 337
Printing and stationery	174 813	182 473
Project maintenance costs	339 748	509 490
Provision for performance bonus	-	16 724
Rentals	-	90 465
Subscriptions and membership fees	173 037	105 825
Sundry expenses	(4 822 169)	1 872 165
Telephone and fax	383 513	594 430
Title deed search fees	12 874	15 607
Tools and equipment	29 503	-
Tourism development	511	10 400
Training	261 044	316 135
Uniforms and protective clothing	47 394	35 123
Valuations	50 375	61 932
	5 899 522	17 149 352
25. Remuneration of councillors		
Councillors	915 384	758 156
26. Revenue		
Property rates	1 042 936	1 129 353
Property rates – Penalties imposed and collection charges	247 507	-
Service charges	7 755 663	5 376 302
Rental of facilities & equipment	174 308	29 056
Interest received – trading	503 582	611 840
Public contributions and donations	-	123 870
Licences and permits	934 763	251 092
Government grants & subsidies	25 968 417	32 953 439
	36 627 176	40 474 952

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
26. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	7 755 663	5 376 302
Rental of facilities & equipment	174 308	29 056
Interest received – trading	503 582	611 840
Licences and permits	934 763	251 092
	9 368 316	6 268 290
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	1 042 936	1 129 353
Property rates – Penalties imposed and collection charges	247 507	-
Public contributions and donations	-	123 870
Government grants	25 968 417	32 953 439
	27 258 860	34 206 662
27. Rental of facilities and equipment		
Halls and equipment	174 308	29 056
28. Cash generated from operations		
(Deficit) surplus	(1 490 805)	6 809 632
Adjustments for:		
Depreciation and amortisation	1 427 405	1 422 782
Gain on sale of assets and liabilities	2 418	392 895
Finance costs - Finance leases	-	13 950
Debt impairment	11 820 411	2 574 150
Movements in provisions	9 466 113	(759 990)
Other non-cash items	-	580 194
Prior year adjustment in accumulated surplus	-	832 719
Other non-cash items	(2 024 535)	-
Changes in working capital:		
Trade and other receivables from exchange transactions	(1 564 387)	2 759 814
Consumer debtors	(11 736 560)	(2 574 150)
Trade and other payables from exchange transactions	(446 535)	6 478 416
Vat	214 508	(1 253 298)
Unspent conditional grants and receipts	(918 709)	(8 447 150)
Consumer deposits	-	(730 453)
	4 749 324	8 099 511
29. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	4 637 584	4 637 584
• Finance lease obligation	-	270 244
	4 637 584	4 907 828

This committed expenditure relates to property and will be financed by available bank facilities and retained surpluses.

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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30. Contingencies

There were following contingent liabilities against the Ikwezi Local Municipality as at balance sheet date.

Mr M Meyer for unfair dismissal for employment contract not renewed in 2010.

Mrs P Erasmus for damages incurred while working for the municipality.

Jansenville Taxi Association for dispute over ERF 465 in Jansenville.

31. Related parties

Related party transactions

Donations received from related parties

Manang & Associates	-	10 000
Stemele Bosch Africa	-	10 000
Amava IT (Pty) Ltd	-	10 000

One of the ward councillors – Mr K Hendrick is a member of Divashne Trading and has declared her interest to the Municipal Manager.

32. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to year end.

33. Unauthorised expenditure

Ikwezi mohair festival	-	1 220 000
Grant funding not intended for its use	-	4 415 750
	-	5 635 750

The above is an overspend on the budgeted expenditure on the Mohair Festival. The balance relates to bridging finance on the housing projects.

34. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	-	69 120
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The amount is as a direct result of interest on outstanding account from the Auditor General. This invoice relates to audit fees incurred for the 2008/09 audit. The municipality paid its 1% of total expenditure for the year as its audit obligation for the year. The outstanding balance is being addressed in consultation with National Treasury.

35. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the municipal manager may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

An amount of R565 867 was incurred through deviation from supply chain policy and was approved by the accounting officer and the Council, R86 640 of this amount relates to appointment of Ludla Publishing to publish quarterly newsletter. The matter was condoned by the Council and reported to the Auditor General and the MEC for Local Government and Traditional Affairs.

Appendix A

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June 2011	Received during the period	Redeemed written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
Loan Stock		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Structured loans		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Funding facility		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Development Bank of South Africa		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-

Appendix A

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June 2011	Received during the period	Redeemed written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
		-	-	-	-	-	-
		-	-	-	-	-	-
Bonds							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Other loans							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Lease liability							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Annuity loans							
		-	-	-	-	-	-
		-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Land and buildings

Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Infrastructure

Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	47 195 401	19 205 596	61 930 312	-	-	128 331 309	(4 470 685)	61 930 312	-	-	-	57 459 627	185 790 936
	47 195 401	19 205 596	61 930 312	-	-	128 331 309	(4 470 685)	61 930 312	-	-	-	57 459 627	185 790 936

Community Assets

Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation	Accumulated depreciation
------------------	--------------------------

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	47 195 401	19 205 596	61 930 312	-	-	-	128 331 309	(4 470 685)	61 930 312	-	-	-	57 459 627	185 790 936
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	47 195 401	19 205 596	61 930 312	-	-	-	128 331 309	(4 470 685)	61 930 312	-	-	-	57 459 627	185 790 936
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	730 250	-	378 602	-	-	-	1 108 852	(351 648)	378 602	-	-	-	26 954	1 135 806
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	730 250	-	378 602	-	-	-	1 108 852	(351 648)	378 602	-	-	-	26 954	1 135 806
Investment properties														
Investment property	-	-	15 465 360	-	-	-	15 465 360	-	15 465 360	-	-	-	15 465 360	30 930 720
	-	-	15 465 360	-	-	-	15 465 360	-	15 465 360	-	-	-	15 465 360	30 930 720
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	47 195 401	19 205 596	61 930 312	-	-	-	128 331 309	(4 470 685)	61 930 312	-	-	-	57 459 627	185 790 936
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	730 250	-	378 602	-	-	-	1 108 852	(351 648)	378 602	-	-	-	26 954	1 135 806
Investment properties	-	-	15 465 360	-	-	-	15 465 360	-	15 465 360	-	-	-	15 465 360	30 930 720
	47 925 651	19 205 596	77 774 274	-	-	-	144 905 521	(4 822 333)	77 774 274	-	-	-	72 951 941	217 857 462

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Land and buildings

Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Infrastructure

Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	19 285 538	40 829 825	56 924 523	-	-	-	117 039 886	(3 190 840)	56 924 523	-	-	53 733 683	170 773 569
	19 285 538	40 829 825	56 924 523	-	-	-	117 039 886	(3 190 840)	56 924 523	-	-	53 733 683	170 773 569

Community Assets

Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Heritage assets													
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles													
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets													
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	19 285 538	40 829 825	56 924 523	-	-	-	117 039 886	(3 190 840)	56 924 523	-	-	-	53 733 683	170 773 569
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	19 285 538	40 829 825	56 924 523	-	-	-	117 039 886	(3 190 840)	56 924 523	-	-	-	53 733 683	170 773 569
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	730 458	-	524 693	-	-	-	1 255 151	(205 765)	524 693	-	-	-	318 928	1 574 079
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	730 458	-	524 693	-	-	-	1 255 151	(205 765)	524 693	-	-	-	318 928	1 574 079
Investment properties														
Investment property	-	-	15 465 360	-	-	-	15 465 360	-	15 465 360	-	-	-	15 465 360	30 930 720
	-	-	15 465 360	-	-	-	15 465 360	-	15 465 360	-	-	-	15 465 360	30 930 720
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	19 285 538	40 829 825	56 924 523	-	-	-	117 039 886	(3 190 840)	56 924 523	-	-	-	53 733 683	170 773 569
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	730 458	-	524 693	-	-	-	1 255 151	(205 765)	524 693	-	-	-	318 928	1 574 079
Investment properties	-	-	15 465 360	-	-	-	15 465 360	-	15 465 360	-	-	-	15 465 360	30 930 720
	20 015 996	40 829 825	72 914 576	-	-	-	133 760 397	(3 396 605)	72 914 576	-	-	-	69 517 971	203 278 368

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation							Accumulated Depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix D

Segmental Statement of Financial Performance for the year ended
Prior Year **Current Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-	Total	-	-	-

Ikwezi Local Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2012

Loan number	Redeemable Date	Balance at 30 June -1	Received during the period	Redeemed / written off during the period	Balance at 30 June	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
		R	R	R	R	R	R
EXTERNAL LOANS							
LONG-TERM LOANS							
Stock Loan @ x% 2							
Stock Loan @ x% 3							
Total long-term loans							
ANNUITY LOAN							
Sanlam @ x%							
GOVERNMENT LOANS							
- Other @ x%							
Total Government Loans							
TOTAL EXTERNAL LOANS	-	-	-	-	-	-	-

Ikwezi Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Write Offs	Under Construction	Closing Balance	Opening Balance	Depreciation	Write Offs	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
Land													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	8 385 000	-	-	-	8 385 000	-	-	-	-	-	-	-	8 385 000
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	8 385 000	-	-	-	8 385 000	-	-	-	-	-	-	-	8 385 000
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxi Rank	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Ablution Blocks	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	8 339 456	-	-	-	8 339 456	-	245 968	-	-	245 968	-	-	8 093 488
Market Stales	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	11 594 047	-	-	-	11 594 047	-	537 880	-	-	537 880	-	-	11 056 167
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste	6 440 657	-	-	-	6 440 657	-	200 024	-	-	200 024	-	-	6 240 633
	26 374 160	-	-	-	26 374 160	-	983 872	-	-	983 872	-	-	25 390 288
Other Assets													
leased Assets	1 198 447	-	-	-	1 198 447	-	85 921	-	-	85 921	-	-	1 112 526
Movable Assets	697 427	254 364	2 417	-	949 374	-	211 522	-	-	211 522	-	-	737 852
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Sports fields & Gyms	-	-	-	-	-	-	-	-	-	-	-	-	-
Capiatl work in progress	20 269 490	6 035 157	-	-	26 304 647	-	-	-	-	-	-	-	26 304 647
	22 165 364	6 289 521	2 417	-	28 452 468	-	297 443	-	-	297 443	-	-	28 155 025
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	56 924 524	6 289 521	2 417	-	63 211 628	-	1 281 315	-	-	1 281 315	-	-	61 930 313

Ikwezi Local Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Current Depreciation	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Municipal Manager	16 890 765	70905	-	1 016	16 960 654	-	367 987	-	16 592 667	17 328 641
Finance	14 923 180	198 456	-	1 401	15 120 235	-	706 421	-	14 413 814	15 826 656
Corporate and HR	12 345 255	55 908	-	-	12 401 163	-	32 468	-	12 368 695	12 433 631
Technical Services	12 765 324	6 035 157	-	-	18 796 551	-	174 439	-	18 622 112	18 970 990
Total	56 924 524	6 289 521	-	2 417	63 211 628	-	1 281 315	-	61 997 288	61 930 313

Ikwezi Local Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2012

2011				2012		
<u>Actual Income</u>	<u>Actual Expenditure</u>	<u>Surplus / (Deficit)</u>		<u>Actual Income</u>	<u>Actual Expenditure</u>	<u>Surplus / (Deficit)</u>
R	R	R		R	R	R
10 985 857	9 645 834	20 631 691	Municipal Manager	9 908 070	19 804 738	(9 896 668)
12 564 789	11 875 379	24 440 168	Finance	11 379 843	21 489 638	(10 109 795)
9 078 648	8 854 678	17 933 326	Corporate and HR	8 380 383	800 276	7 580 107
8 875 039	2 887 528	11 762 567	Technical Services	8 906 425	1 608 774	7 297 651
41 504 333	33 263 419	74 767 752		38 574 721	43 703 426	(5 128 705)
			Less: Inter-Department Charges			
41 504 333	33 263 419	74 767 752	Total	38 574 721	43 703 426	(5 128 705)

Ikwezi Local Municipality
APPENDIX E
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION
as at 30 June

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By- law)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	1 R	2 R	3 R	4 R	5 R	6 R	7 R	8 R	9 R
Financial Performance									
Property Rates									
Service Charges									
Investment Revenue									
Transfers Recognised - Operational									
Other Own Revenue									
Total Revenue (Excluding Capital Transfers & Contributions)	0	0	0	0	0	0	0	0	0
Employee Costs									
Remuneration Of Councillors									
Debt Impairment									
Depreciation & Asset Impairment									
Finance Charges									
Materials & Bulk Purchases									
Transfers & Grants									
Other Expenditures									
Total Expenditure	0	0	0	0	0	0	0	0	0
Surplus/(Deficit)	0	0	0	0	0	0	0	0	0
Transfers Recognised - Capital									
Contributions Recognised - Capital & Contributed Assets									
Surplus/(Deficit) After Capital Transfers & Contributions	0	0	0	0	0	0	0	0	0
Share Of Surplus/(Deficit) Of Associate									
Surplus/(Deficit For The Year)	0	0	0	0	0	0	0	0	0
Capital Expenditure & Funds Sources									
Capital Expenditure									
Transfers Recognised - Capital									
Public Contributions & Donations									
Borrowing									
Internally Generated Funds									
Total Sources Of Capital Funds	0	0	0	0	0	0	0	0	0
Cash flows									
Net Cash From (Used) Operating									
Net Cash From (Used) Investing									
Net Cash From (Used) Financing									
Cash/Cash Equivalents At The Year End	0	0	0	0	0	0	0	0	0

RECONCILIATION IN THE NOTES TO THE FINANCIAL STATEMENTS

Reconciliation Of Budget Surplus/Deficit With The Surplus/Deficit In The Statement Of Financial Performance	
Net Surplus/Deficit Per The Statement Of Financial Performance	
Adjusted For:	
Fair Value Adjustments	
Impairments Recognised/Reversed	
Surplus/Deficit On The Sale Of Assets	
Increases/Decreases In Provisions	
List other relevant adjustments here	
Net Surplus/Deficit Per Approved Budget	