Annual Financial Statements

for

Kou-Kamma Municipality

for the year ended 30 June: ***2012***

Province:	Eastern Cape
AFS rounding:	***R (i.e. only cents)***

Contact Information:

Name of Municipal Manager:	S Nkuhlu
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Kou-Kamma Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information

Members of the Council

MS Vuso	**Mayor / Speaker**
N Mntambo	Member
P Goni	Member
T Mohr	Member
F Strydom	Member
R Krige	Member
S Jacobs	Member
L Nelson	Member
C Rheeders	Member
N Pottie	Member
B Jantjies	Member

Municipal Manager

S Nkuhlu

Chief Financial Officer

N Venter

Grading of Local Authority

Medium capacity

Auditors

Auditor-General

Bankers

ABSA Bank Ltd.

General information (continued)

Registered Office:	5 Keet Street, Kareedouw, 6400
Physical address:	5 Keet Street Kareedouw 6400
Postal address:	**Private Bag x011** Kareedouw 6400
Telephone number:	042 - 288 7200
Fax number:	042 - 288 0797
E-mail address:	nydine.venter@gmail.com

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, 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 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager: S Nkuhlu

31 August 2012

Kou-Kamma Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

Kou-Kamma Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1	5 265 109	16 352 482
Trade and other receivables from exchange transactions	2	3 731 838	4 285 677
Other receivables from non-exchange transactions	3	9 175 782	295 771
Inventories	4	42 887 522	42 851 000
VAT receivable	13	336 448	-
Construction contracts and receivables	5	1 659 085	22 053
Non-current assets			
Property, plant and equipment	6	220 933 076	212 464 953
Intangible assets	7	390 890	491 869
Investment property carried at cost	8	27 942 070	27 953 741
Non-current assets held for sale	9	750 000	-
Total assets		**313 071 820**	**304 717 546**
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	10	16 257 860	9 831 444
Consumer deposits	11	104 700	104 700
VAT payable	12	-	1 676 315
Current provisions	13	132 899	37 824
Current portion of unspent conditional grants and receipts	14	(464 411)	1 151 366
Current portion of finance lease liability	15	100 896	-
Current portion of defined benefit plan	16	60 864	54 434
Non-current liabilities			
Non-current finance lease liability	15	210 197	-
Non-current provisions	17	1 938 811	1 517 565
Defined benefit plan obligations	39	633 979	555 697
Total liabilities		**18 975 795**	**14 929 345**
Net assets		**294 096 025**	**289 788 201**
NET ASSETS			
Accumulated surplus / (deficit)		294 096 026	289 788 201
Total net assets		**294 096 026**	**289 788 201**

Kou-Kamma Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

	Note	2012 R	2011 R
Revenue			
Property rates	18	11 155 756	7 943 164
Service charges	19	15 962 450	14 554 633
Rental of facilities and equipment	20	85 238	157 991
Interest earned - external investments	21	912 004	2 015 457
Fines		194 137	287 493
Licences and permits		1 427 623	1 465 002
Government grants and subsidies	22	75 125 329	92 392 794
Other income	23	1 245 199	6 303 563
Total revenue		**106 107 737**	**125 120 097**
Expenses			
Employee related costs	24	27 548 887	20 535 337
Remuneration of councillors	24	1 464 423	2 041 502
Bad debts		54 589 121	13 566 628
Reversal of debt impairment		(48 959 908)	-
Depreciation and amortisation expense	25	11 290 428	10 149 581
Repairs and maintenance		1 306 428	837 988
Finance costs	26	709 562	158 252
Bulk purchases	27	2 021 664	1 743 535
Contracted services	28	1 864 073	1 538 154
Grants and subsidies paid	29	38 452 427	26 127 064
General expenses	30	11 758 252	7 524 757
Total expenses		**102 045 357**	**84 222 798**
Gain / (loss) on sale of assets	32	245 444	-
Surplus / (deficit) for the period		**4 307 825**	**40 897 299**

Kou-Kamma Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2012

	Note	Accumulated Surplus/(Deficit) R	Total: Net Assets R
Balance at 30 June 2010		**156 140 119**	156 140 119
Correction of prior period error	35	92 750 783	92 750 783
Restated balance		**248 890 902**	248 890 902
Surplus / (deficit) on revaluation of property of property, plant and equipment			-
Other items			-
Other items			-
Net gains and losses not recognised in the statement of financial performance			-
Transfers to / from accumulated surplus/(deficit)		-	-
Surplus / (deficit) for the period		40 897 299	40 897 299
Balance at 30 June 2011		**289 788 201**	**289 788 201**
Correction of prior period error			-
Restated balance		**289 788 201**	**289 788 201**
Surplus / (deficit) on revaluation of property of property, plant and equipment			-
Other items			-
Other items			-
Net gains and losses not recognised in the statement of financial performance			-
Transfers to / from accumulated surplus/(deficit)			-
Surplus / (deficit) for the period		4 307 825	4 307 825
Balance at 30 June 2012		**294 096 026**	**294 096 026**

Kou-Kamma Municipality
CASH FLOW STATEMENT
as at 30 June 2012

	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		106 308 722	123 968 731
Sales of goods and services		16 921 472	16 177 626
Grants		75 919 653	91 241 428
Interest received		912 004	2 015 457
Other receipts		12 555 593	14 534 220
Payments		93 205 129	72 763 598
Employee costs		27 548 887	20 535 337
Suppliers		16 950 417	11 644 434
Interest paid		709 562	158 253
Other payments		**47 996 264**	**40 425 575**
Net cash flows from operating activities	40	**13 103 593**	**51 205 133**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		18 627 611	24 649 095
Proceeds from sale of fixed assets		365 563	-
Net cash flows from investing activities		**18 993 174**	**24 649 095**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability			
Net cash flows from financing activities		**-**	**-**
Net increase / (decrease) in net cash and cash equivalents		32 096 767	75 854 228
Net cash and cash equivalents at beginning of period		16 352 482	
Net cash and cash equivalents at end of period	41	**5 265 109**	**16 352 482**

1 PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

These accounting policies are consistent with the previous period, except for the changes set out in note 47 Changes in accounting policy.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables / Loans and receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the useful life assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including the condition of the assets and population growth and supply demand, together with economic factors such as inflation and interest rates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment and intangible assets

The municipality's management determines the estimated useful lives and related depreciation / amortisation charges for property, plant and equipment and intangible assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post retirement benefits

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

Key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 53.

Allowance for doubtful debts

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services;
- administrative purposes; or
- sale in the ordinary course of operations.

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Subsequent to initial measurement investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Property - land Indefinite
Property - buildings 30 - 60 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

1.2 Investment property (continued)

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

1.3 Property, plant and equipment

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

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

• it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and

• the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

1.3 Property, plant and equipment (continured)

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

Buildings	30 - 60 years
Infrastructure	
Roads and paving	10 - 100 years
Electricity	45 - 50 years
Water	15 - 100 years
Community	
Recreational facilities	15 - 60 years
Security	5 years
Other property, plant and equipment	
Specialist vehicles	5 - 30 years
Other vehicles	5 - 15 years
Office equipment	2 - 16 years

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

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.4 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.5 Intangible assets

An identifiable non-monetary asset without physical substance is identified as an intangible asset when it:

• is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or

• arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

• it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and

• the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

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

The amortisation period, residual value, if any, and the amortisation method for intangible assets are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite, is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Computer software	5 - 10 years

Intangible assets are derecognised:

• on disposal; or

• when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

1.6 Financial instruments (continued)

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade Receivables	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability, other than those subsequently measured at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures all other financial assets and financial liabilities initially at its fair value.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

• Financial instruments at fair value.

• Financial instruments at amortised cost.

• Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality amounts past 120 days are considered to be impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

• the contractual rights to the cash flows from the financial asset expire, are settled or waived;

• the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

• the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:

- derecognises the asset; and
- recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.7 Leases

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

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

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

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis

1.8 Inventories

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

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

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

• distribution at no charge or for a nominal charge; or

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

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

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

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

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

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

1.9 Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to surveys of work done.

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

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

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

1.10 Non-current assets held for sale and disposal groups

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

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

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

1.11 Employee benefits

Short-term employee benefits

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

The municipality treats its provision for leave pay as an accrual.

The liability for leave pay is based on the total accrued leave days at reporting date and is disclosed as part of trade and other payables on the Statement of Financial Position. The expected cost of bonus payments is recognised as an expense only when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

The municipality has an obligation to provide post-retirement health care benefits to certain retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of the medical aid fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate.

The municipality recognises actuarial gains and losses in full in the period in which they occur. Actuarial valuations on the municipality's benefit plans are performed every year whereas actuarial valuations are performed every three years on the multi-employer benefit plans to which the municipality contributes.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Long-service allowances

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to certain retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.12 Provisions and contingencies

Provisions are recognised when:

• the municipality has a present obligation as a result of a past event;

• it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

• a reliable estimate can be made of the obligation.

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the municipality; or

A present obligation that arises from past events but is not recognised because:

• it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

• the amount of the obligation cannot be measured with sufficient reliability.

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

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

• changes in the liability is added to, or deducted from, the cost of the related asset in the current period.

• the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.

• if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and accounts for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.15 and 1.16.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

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

1.13 Revenue from exchange transactions

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

• the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;

• the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

• the amount of revenue can be measured reliably;

• it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

• the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service charges

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

• the amount of revenue can be measured reliably;

• it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;

• the stage of completion of the transaction at the reporting date can be measured reliably; and

• the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame, unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by way of surveys performed .

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

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

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

Service charges relating to sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards is recognised at the point of sale and if payment is made five days before year end, it is recognised based on an estimate of the prepaid electricity consumed as at reporting date.

Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

• Interest earned on trust funds is allocated directly to the fund, and

• Interest earned on unutilised conditional grants is allocated directly to the creditor:unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

Tariff charges

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

Rentals

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

1.14 Revenue from non-exchange transactions

Rates, including collection charges and penalty interest

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 with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

Fines constitute both spot fines and summonses for which revenue is recognised when payment is received, together with an estimate of spot fines and summonses based on past experience of amounts collected.

Other donations, grants and funding

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. conditions or obligations have not been met, a liability is recognised.

Revenue from recovery of unauthorised, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, 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. Such revenue is based on legislated procedures.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Comparative figures

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:

• overspending of a vote or a main division within a vote; and

• expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division. the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality’s supply chain management 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.

1.20 Budget information

The financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been not included in the financial statements. Refer to appendix E.

1.21 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.22 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the annual financial statements.

1.23 Commitments

Commitments are not recognised on the statement of financial position as a liability or as expenditure on the statement of financial performance but are included in the disclosure notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

• Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at reporting date.

• Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at reporting date.

• Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

• Contracts that are entered into before the reporting date but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

• Other commitments for contracts that are non-cancelable or only cancelable at significant cost in the event that such contract should relate to something other than the business of the municipality.

1.24 Offsetting

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

1.25 Value Added Tax

The Municipality accounts for value added tax on the cash basis.

1.26 New standards and interpretations

Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities

The interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

• recognised as part of the cost of an item of property, plant and equipment in accordance with the Standard of GRAP on Property, Plant and Equipment (as revised in 2010); and

• recognised as a liability in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010) .

The interpretation addresses how the effect of the following events that change the measurement of an existing decommissioning, restoration or similar liability should be accounted for:

• a change in the estimated outflow of resources embodying economic benefits (e.g. cash flows) or service potential required to settle the obligation;

• a change in the current market-based discount rate as defined in paragraph .52 of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010) (this includes changes in the time value of money and the risks specific to the liability); and

• an increase that reflects the passage of time (also referred to as the unwinding of the discount).

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

IGRAP 3: Determining Whether an Arrangement Contains a Lease

This Interpretation of the Standards of GRAP does not apply to arrangements that are, or contain, leases excluded from the scope of the Standard of GRAP on Leases (as revised in 2010).

The issues addressed in this Interpretation of the Standards of GRAP are:

• how to determine whether an arrangement is, or contains, a lease as defined in the Standard of GRAP on Leases (as revised in 2010);

• when the assessment or a reassessment of whether an arrangement is, or contains, a lease should be made;

and

• if an arrangement is, or contains, a lease, how the payments for the lease should be separated from payments for any other elements in the arrangement.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

This Interpretation of the Standards of GRAP applies to accounting in the financial statements of a contributor

The issues addressed in this Interpretation of the Standards of GRAP are:

• the assets are administered separately (either by being held in a separate legal entity or as segregated assets within another entity); and

• a contributor’s right to access the assets is restricted.

A residual interest in a fund that extends beyond a right to reimbursement, such as a right to distributions once all the decommissioning has been completed or on winding up the fund, may be an equity instrument within the scope of the Standard of GRAP on Financial Instruments and is not within the scope of this Interpretation of the

The issues addressed in this Interpretation of the Standards of GRAP are:

• how should a contributor account for its interest in a fund?

• when a contributor has an obligation to make additional contributions, for example, in the event of the liquidation of another contributor, how should that obligation be accounted for?

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions

This Interpretation applies to the accounting for revenue and associated expenses by municipalities that undertake the construction of assets in exchange transactions directly or through subcontractors. The construction of assets entered into by municipalities where funding to support the construction activity will be provided by an appropriation or similar allocation of general government revenue or by aid or grant funds are excluded from the scope of this Interpretation of the Standards of GRAP.

Agreements in the scope of this Interpretation of the Standards of GRAP are agreements for the construction of assets in exchange transactions. In addition to the construction of assets in exchange transactions, such agreements may include the delivery of other goods or services.

The Interpretation of the Standards of GRAP addresses two issues:

• is the agreement within the scope of the Standard of GRAP on Construction Contracts (as revised in 2010) or the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010)?

• when should revenue from the construction of assets in exchange transactions be recognised?

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

GRAP 1 (as revised 2010): Presentation of Financial Statements

The revision resulted in various terminology and definition changes.

Additional commentary has been added, describing the purpose of financial statements in the public sector.

Commentary has been added to explain that where legislation requires a departure from a particular Standard of GRAP and that departure is material, municipalities cannot claim compliance with the Standards of GRAP.

Additional disclosure requirements have been added regarding the following areas: assets and liabilities included

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 2 (as revised 2010): Cash Flow Statements

The revision resulted in various terminology and definition changes.

Operating cash flows:

• Where a municipality is in the business of renting and subsequently selling the same assets, these cash flows should be regarded as operating rather than investing cash flows.

Investing cash flows:

• Only expenditures incurred on a recognised asset qualify to be classified as investing activities in the cash flow statement.

Acquisitions and disposals of controlled municipal entities and other operating units:

• Guidance relating to acquisitions and disposals of municipal entities, particularly those on another basis of accounting, has been deleted. Disclosure of undrawn borrowing facilities, restricted cash balances and the operating, investing and financing cash flows of jointly controlled municipal entities accounted for using the

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 3 (as revised 2010): Accounting policies, Changes in Accounting Estimates and Errors

The revision resulted in various terminology and definition changes.

Paragraphs added to changes in accounting policies:

• a change from one basis of accounting to another basis of accounting is a change in accounting policy; and

• a change in the accounting treatment, recognition or measurement of a transaction, event or condition within a basis of accounting is regarded as a change in accounting policy.

Selection of accounting policies:

• the reference to the Accounting Practices Committee (APC) of SAICA has been deleted from paragraph .11 on the basis that it is not a standard setter and that municipalities would consider information from a wide range of sources in formulating an accounting policy and not just the pronouncements of the APC; and

• commentary on the selection of benchmark and alternative accounting policies has been deleted.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 4 (as revised 2010): The Effects of Changes in Foreign Exchange Rates

Terminology changes:

Where reference has been made to the net realisable values of inventories, current replacement cost has also been included to allow for the appropriate valuation of inventories where they are distributed as part of a non-exchange transaction. Reference to ‘trade’ receivables has been amended to ‘receivables’.

Monetary items:

Paragraph .15 clarifies that child support grants are ‘payables’, and not just ‘obligations’ in terms of the current requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 9 (as revised 2010): Revenue from Exchange Transactions

The revision resulted in various terminology and definition changes.

Various amendments, deletions and additions to examples included in the appendix.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 11 (as revised 2010): Construction Contracts

The revision resulted in certain terminology changes:

Other amendments:

• an example has been added to clarify when a municipality acts as a contractor in a construction contract arrangement;

• the example in paragraph .11 has been deleted as it is inappropriate for the South African public sector; and

• the explanatory text relating to ‘contractors’ has been amended to clarify that a municipality can be a contractor if it performs construction related activities itself or through subcontractors.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 12 (as revised 2010): Inventories

The revision resulted in various terminology and definition changes.

Cost formulas:

Paragraph .34 was amended and .35 was added to separate the principle from the exception when applying the cost formula for inventories with a similar nature and use to the municipality.

Recognition as an expense:

Where reference has been made to ‘net realisable value’, ‘current replacement cost’ has been added.

Fair value measurement:

The appendix on how to determine fair value has been deleted.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 13 (as revised 2010): Leases

The revision resulted in various terminology and definition changes.

Scope:

Paragraph .04 has been included to clarify that this Standard of GRAP does not apply to lease agreements to explore for or use natural resources such as oil, gas, timber, metals and other mineral rights and licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

Non-current Assets Held for Sale and Discontinued Operations:

Paragraph .51 has been added to clarify that finance lease assets classified as held for sale in accordance with the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations shall be accounted for in accordance with that Standard of GRAP.

Guidance on accounting for finance leases by lessors:

The paragraph (previously paragraph .53) that provided guidance on the recognition of assets where municipalities enter into arrangements with private sector entities has been deleted as the Guideline on Accounting for Public Private Partnerships supersedes this guidance.

Guidance on operating lease incentives and substance over legal form:

The guidance included in the original text on substance over legal form has been deleted.

Classification of leases on land and buildings elements:

The guidance on the classification of land and buildings has been amended to ensure that the element of the lease relating to the land is classified as a finance lease where significant risks and rewards have been transferred, despite there being no transfer of title, consistent with the general classification guidance.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 14 (as revised 2010): Events After the Reporting Date

Existence of a liability for dividends or similar distributions:

Paragraph .13 of GRAP 14 was amended to clarify that no liability exists at the reporting date for dividends or similar distributions declared after the reporting date.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 16 (as revised 2010): Investment Property

The revision resulted in various terminology and definition changes.

Recognition of investment property:

• additional commentary has been included in paragraph .19 and .20 to explain paragraph .18 that outlines the recognition criteria for investment property;

• this Standard of GRAP includes investment property under construction as it was inconsistent with the requirement that investment property being redeveloped was still within the scope of this Standard of GRAP, but not the initial development. As a result paragraphs .10 and .11 were amended, paragraphs .60 and .61 inserted, and paragraphs .25 and .65(e) of the original text deleted;

• the measurement principles were also amended accordingly to allow investment property under construction to be measured at cost if fair value cannot be measured reliably, until such time as the fair value can be measured

• additional guidance has been included in the examples of investment property to clarify that the rentals earned do not have to be on a commercial basis or market related for the property to be classified as investment property.

Disclosure:

Municipalities are encouraged, rather than required, to disclose the fair value of investment property when this is materially different from the carrying amount.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 17 (as revised 2010): Property, Plant and Equipment

The revision resulted in various terminology and definition changes.

Scope:

• the recognition and measurement of exploration and evaluation assets have been added to the scope exclusions; and

• investment properties under construction have been removed from the scope.

Measurement at initial recognition:

Paragraph .23 and .24 have been amended to clarify that the guidance applicable to determine fair value for revalued assets applies equally to the initial measurement of items of property, plant and equipment at fair

Depreciable amount and depreciation period:

An additional paragraph has been added to clarify that reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous

Derecognition:

• the requirement to not classify gains from the disposal of property, plant and equipment as revenue, has been removed; and

• paragraph .79 has been added in line with the IASB Improvements Project to clarify that where assets are held for rental to others in the ordinary course of operations and the municipality subsequently sells the assets, the

Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations does not apply. Rather, these assets are to be transferred and treated in accordance with the Standard of GRAP on Inventories.

Disclosures:

• the required disclosures in paragraph .90 have been amended to encouraged disclosures. Added to the list of encourage disclosures is the fair value disclosure of assets where the cost model is used; and

• the requirement to disclose the cost basis for revaluated assets was removed.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets

The revision resulted in certain terminology changes.

Social benefits:

Paragraphs .08 and .16(a) clarify that social benefits due at year end are 'payables', as the amounts due are certain in terms of legislation.

Binding agreements for restructurings:

Paragraph .87 has been amended to clarify that restructurings may take place in the public sector in terms of directives, legislation or other means. These alternative means are enforceable and may give rise to an

Interpretations:

In developing the Standard of GRAP initially, the Board included relevant text from any Interpretation that had been issued by the International Financial Reporting Interpretations Committee (IFRIC) relating to provisions, contingent liabilities and contingent assets. The Board included selected text from IFRIC 1 on Changes in Decommissioning, Restoration and Similar Liabilities and IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds in line with the Board's decisions. The Board subsequently concluded that it would issue any Interpretations as separate documents rather than dispersing the text of the Interpretations across various Standards. As a result, paragraphs .37 to .43, .74 to .80, and Appendix F of the previous version of GRAP 19, have been deleted.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

GRAP 100 (as revised 2010): Non-current Assets Held for Sale and Discontinued Operations

The revision resulted in various terminology and definition changes.

Scope:

Paragraph .07 has been added to clarify the application of other Standards of GRAP to assets classified as non-current assets (or disposal groups) held for sale.

Plan to sell the controlling interest in a controlled municipal entity:

• the Standard of GRAP has been amended to clarify that a municipality that is committed to a sales plan involving loss of control in a controlled municipal entity shall classify all the assets and liabilities of that controlled municipal entity as held for sale when the required criteria are met; and

• the Standard of GRAP has been amended to clarify that a municipality that is committed to a sales plan involving loss of control of a controlled municipality entity shall disclose the information required when the controlled municipal entity is a disposal group that meets the definition of a discontinued operation.

Examples included in Appendix:

An additional example has been included regarding sale expected to be completed within one year.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

2 Standards and Interpretations early adopted

2.1 The municipality has chosen to early adopt the following standards and interpretations:

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when a municipality receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As a municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised and recognise an amount equal to that reduction as revenue.

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

The municipality has early adopted the standard for the first time in the 2012 financial statements.

The impact of the standard is not material.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, a municipality shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

• the approved and final budget amounts;

• the actual amounts on a comparable basis; and

• by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where a municipality prepares its budget and financial statements on a comparable basis, it includes the comparison as an additional column in the primary financial statements. Where the budget and financial statements are not prepared on a comparable basis, a separate statement is prepared called the ‘Statement of Comparison of Budget and Actual Amounts’. This statement compares the budget amounts with the amounts in the financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and financial statements:

• are prepared using the same basis of accounting i.e. either cash or accrual;

• include the same activities and entities;

• use the same classification system; and

• are prepared for the same period.

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

The municipality has early adopted the standard for the first time in the 2012 financial statements.

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the financial statements.

GRAP 104: Financial Instruments

The Standard of GRAP prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, a municipality considers the substance of the contract and not just the legal form.

Financial assets and financial liabilities are initially recognised at fair value. Where a municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. A municipality measures a financial instrument at fair value if it is:

• a derivative;

• a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;

• held-for-trading;

• a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;

• an investment in a residual interest for which fair value can be measured reliably; and

• other instruments that do not meet the definition of financial instruments at amortised cost or cost.

* Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, a municipality can however designate such an instrument to be measured at fair value.

A municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once a municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

A municipality derecognises a financial asset, or the specifically identified cash flows of an asset, when:

• the cash flows from the asset expire, are settled or waived;

• significant risks and rewards are transferred to another party; or

• despite having retained significant risks and rewards, a municipality has transferred control of the asset to another municipality.

A municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where a municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

A municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for a municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that a municipality is exposed to as a result of its financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

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

The municipality has early adopted the standard for the first time in the 2012 financial statements.

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in less disclosure than would have previously been provided in the financial statements.

GRAP 31: Intangible Assets

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality has early adopted the standard for the first time in the 2012 financial statements.

There is no impact of the standard on adoption.

Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

GRAP 20: Related Party Disclosures

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such

This Standard of GRAP requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the municipality in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard of GRAP also applies to individual financial statements.

This Standard of GRAP requires that only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another municipality, entity or person are disclosed.

The Standard of GRAP sets out the requirements, inter alia, for the disclosure of:

• control;

• related party transactions; and

• remuneration of management

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

IGRAP 16: Intangible Assets - Website Costs

The Interpretation deals with the treatment of a municipality's own website. The guidance on website costs was previously included in the Standard of GRAP on Intangible Assets.

It concludes that a municipaltity's own website that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP

A website arising from development will be recognised as an intangible asset if, and only if, in addition to complying with the general requirements described in the Standard of GRAP on Intangible Assets for recognition and initial measurement, a municipality can satisfy the requirements in paragraph .54 in the Standard of GRAP on Intangible Assets, which in particular requires a municipality to be able to demonstrate how its website will generate probable future economic benefits or service potential.

If a municipality is not able to demonstrate how a website developed solely or primarily for providing information about its own products and services will generate probable future economic benefits or service potential, all expenditure on developing such a website will be recognised as an expense when incurred.

A website that is recognised as an intangible asset under this Interpretation will be measured after initial recognition by applying the requirements in the Standard of GRAP on Intangible Assets.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The municipality expects to adopt the interpretation for the first time in the 2014 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

Improvements to Standards of GRAP

The following Standards of GRAP have been amended as part of the ASB's Improvements Project for 2011:

• GRAP 1;

• GRAP 3;

• GRAP 7;

• GRAP 9;

• GRAP 12;

• GRAP 13;

• GRAP 16; and

• GRAP 17.

The changes made will have no significant impact, except for the following:

A change to the cost model when a reliable measure of fair value is no longer available (or vice versa) for an asset that a Standard of GRAP would otherwise require or permit to be measured at fair value are no longer considered to be a change in an accounting policy in terms of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010).

A requirement to include transaction costs on initial recognition of an investment in an associate under the equity method, has been included in the Standard of GRAP Investments in Associates.

Changes were made to the Standard of GRAP on Investment Property (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furhtermore the assessment of significant use of an

Changes were made to the Standard of GRAP on Property, Plant and Equipment (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furhtermore the requirement to disclose property, plant and equipment that were temporarily idle, has been clarified.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality expects to adopt the amendment for the first time in the 2014 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods but are not relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

No effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 105: Transfers of Functions Between Entities Under Common Control

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

A transfer of functions between municipalities under common control is a reorganisation and/or reallocation of functions between municipalities that are ultimately controlled by the same entity before and after a transfer of

In the event of a transfer of functions between municipalities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a transfer of functions between municipalities under common control.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The objective of this Standard of GRAP is to establish accounting principles for the acquirer in a transfer of functions between municipalities not under common control.

A transfer of functions between municipalities not under common control is a reorganisation and/or reallocation of functions between municipalities that are not ultimately controlled by the same entity before and after a

In the event of a transfer of functions between municipalities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition-date fair values and should be derecognised (by the acquiree) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the fair value of assets acquired and liabilities assumed or carrying amounts of assets transferred and liabilities relinquished should be recognised in surplus / (deficit).

For transfer of functions between municipalities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

Specific disclosures are required when there is a transfer of functions between municipalities not under common control.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

GRAP 107: Mergers

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

A merger is where a new combined municipality is started, no acquirer can be identified and the combining municipalities do not have any control over the municipality.

In the event of a merger, the assets and liabilities should be recognised (by the combined municipality) at their carrying amounts and should be derecognised (by thecombining municipalities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a merger.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

Kou-Kamma Municipality
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		310	310
Cash at bank		4 109 999	9 721 705
Call deposits		1 154 800	6 630 467
		5 265 109	16 352 482
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
ABSA Bank Limited - Account Number 405 280 5864		2 814 047	1 806 703
Cash book balance at beginning of year		1 807 762	441 374
Cash book balance at end of year		2 813 528	1 807 762
Bank statement balance at beginning of year		1 172 920	441 374
Bank statement balance at end of year		2 790 684	1 172 920
Current Account (Other Account)			
ABSA Bank Limited - Humansdorp Branch: Account Number 90 9125 7522		-	2 620
ABSA Bank Limited - Humansdorp Branch: Account Number 19 4015 8695		19 304	1 007 609
ABSA Bank Limited - Humansdorp Branch: Account Number 91 2257 3572		-	1 343
ABSA Bank Limited - Humansdorp Branch: Account Number 40 5774 2120		269 445	223 028
ABSA Bank Limited - Humansdorp Branch: Account Number 90 7906 4583		319 918	465 791
ABSA Bank Limited - Humansdorp Branch: Account Number 91 0756 0295		-	5 965
ABSA Bank Limited - Humansdorp Branch: Account Number 19 4015 8687		656 217	6 073 763
ABSA Bank Limited - Humansdorp Branch: Account Number 90 5224 5645		-	91 517
ABSA Bank Limited - Humansdorp Branch: Account Number 91 0220 9606		31 588	42 307
Cash book balance at beginning of year		7 913 943	6 467 934
Cash book balance at end of year		1 296 472	7 913 943
Bank statement balance at beginning of year		7 909 692	5 863 687
Bank statement balance at end of year		1 295 547	7 909 692
Savings Accounts/ Call Accounts			
ABSA Bank Limited - Humansdorp Branch: Account Number 90 6986 2084		-	42 595
ABSA Bank Limited - Humansdorp Branch: Account Number 90 4641 4773		-	34 689
ABSA Bank Limited - Humansdorp Branch: Account Number 90 9627 1797		-	50 273
ABSA Bank Limited - Humansdorp Branch: Account Number 91 9914 8641		760 363	3 178 942
ABSA Bank Limited - Humansdorp Branch: Account Number 20 7141 6424		394 437	3 323 968
Cash book balance at beginning of year		6 630 467	680 261
Cash book balance at end of year		1 154 800	6 630 467
Bank statement balance at beginning of year		6 636 899	631 621
Bank statement balance at end of year		1 154 800	6 636 899
Cash on hand		310	310
Total cash and cash equivalents		5 265 109	16 352 482

	Note	2012	2011
		R	R

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Debt Impairment	Net Balance
Trade receivables	R	R	R
as at 30 June 2012			
Service debtors			
Electricity	263 764	(238 208)	25 556
Water	10 661 798	(8 848 803)	1 812 995
Sewerage	8 442 290	(7 195 931)	1 246 359
Refuse	4 109 735	(3 887 282)	222 452
Housing	108 430	(98 812)	9 618
Loan Installments	3 374	(3 373)	0
Total	**23 589 389**	**(20 272 409)**	**3 316 980**
Other receivables	**464 281**	**(49 423)**	**414 858**
Other receivables	**464 281**	**(49 423)**	**414 858**
Total Trade and other receivables	**24 053 670**	**(20 321 832)**	**3 731 838**
as at 30 June 2011			
Service debtors			
Electricity	800 822	(690 533)	110 288
Water	21 741 113	(20 664 629)	1 076 484
Sewerage	12 159 155	(10 385 781)	1 773 374
Refuse	6 034 327	(5 148 284)	886 043
Housing	635 992	(397 886)	238 106
Loan Installments	1 001 847	(806 007)	195 840
Total	**42 373 255**	**(38 093 120)**	**4 280 135**
Other receivables	**2 531 792**	**(2 526 250)**	**5 542**
Other receivables	**2 531 792**	**(2 526 250)**	**5 542**
Total Trade and other receivables	**44 905 048**	**(40 619 370)**	**4 285 677**

Electricity, Water, Refuse, Housing, Loan installments and Sewerage: Ageing

	2012	2011
Electricity		
Current (0 – 30 days)	8 090	7 064
31 - 60 Days	5 857	11 451
61 - 90 Days	5 015	54 726
91 - 120 Days	-	6 181
+120 Days	244 802	721 400
Total	**263 764**	**800 822**
Water		
Current (0 – 30 days)	476 754	431 051
31 - 60 Days	471 538	848 598
61 - 90 Days	449 120	429 667
91 - 120 Days	3 175	495 088
+120 Days	9 261 211	19 536 709
Total	**10 661 798**	**21 741 113**
Refuse		
Current (0 – 30 days)	186 169	167 552
31 - 60 Days	182 272	379 709
61 - 90 Days	178 573	1 744 006
91 - 120 Days	1 100	171 533
+120 Days	3 561 621	9 696 355
Total	**4 109 735**	**12 159 155**
Housing		
Current (0 – 30 days)	732	
31 - 60 Days	690	2 863
61 - 90 Days	656	13 265
91 - 120 Days	-	12 983
+120 Days	106 352	606 881
Total	**108 430**	**635 992**
Loan Instalments		
+120 Days	3 373	1 001 847
Total	**3 373**	**1 001 847**
Sewerage		
Current (0 – 30 days)	397 911	7 064
31 - 60 Days	365 776	11 451
61 - 90 Days	364 354	54 726
91 - 120 Days	7 505	6 181
+120 Days	7 306 745	721 400
Total	**8 442 290**	**800 822**

	Note	2012	2011
		R	R

	Note	2012 R	2011 R

2 Reconciliation of the debt impairment

		2012	2011
Balance at beginning of the year		40 619 370	50 042 159
Contributions to provision		20 321 832	
Doubtful debts written off against provision		(54 589 121)	2 295 513
Reversal of impairment - payments received		13 969 750	(11 718 302)
Balance at end of year		**20 321 832**	**40 619 370**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R3 515 815 (2011: R4 062 696) were past due but not impaired.
The ageing of amounts past due but not impaired is as follows:

	2012	2011
1 month past due	1 488 254	1 036 931
2 months past due	1 027 989	1 995 911
3 months past due	999 576	1 029 854

Trade and other receivables impaired

As of 30 June 2012, trade and other receivables of R 20 325 606 (2011: R 52 341 776) were impaired and provided for.
The amount of the provision was R 20 325 606 as of 30 June 2012 (2011: R 52 341 776).

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2012	2011
Rates and other taxes	9 151 060	225 206
Unauthorized expenditure (see Note 50.1)	22 433	70 565
Other debtors	2 289	-
Total Other Debtors	**9 175 782**	**295 771**

4 INVENTORIES

	2012	2011
Opening balance of inventories:	**42 851 000**	**42 851 000**
RDP Houses - Held for distribution	42 851 000	42 851 000
Water	-	-
Additions:	**36 522**	**-**
Water	36 522	-
Closing balance of inventories:	**42 887 522**	**42 851 000**
Other goods held for resale	42 851 000	42 851 000
Water	36 522	-

There were no circumstances or events that led to the reversal of a write-down of inventories.

	Note	2012 R	2011 R
5 CONSTRUCTION CONTRACT RECEIVABLES			
Contracts in progress at reporting date:			
Construction contract receivables		1 659 085	22 053

Advances received in excess of work completed are included in trade and other payables.
At 30 June 2012, contract debtors of R - (2011: R -) are due for settlement after more than 12 months.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
as at 1 July 2011	**4 871 590**	**5 408 462**	**182 134 743**	**12 422 829**	**7 627 329**	**-**	**212 464 953**
Cost/Revaluation	4 903 499	6 843 599	208 404 830	19 105 006	13 983 906	-	253 240 840
Correction of error (note 48)	-			-	-	-	-
Change in accounting policy (note 47)				-	-	-	-
Accumulated depreciation and impairment losses	(31 909)	(1 435 137)	(26 270 087)	(6 682 178)	(6 356 577)	-	(40 775 887)
				-	-	-	-
Acquisitions	-	-	17 383 023	-	917 541	327 047	18 627 611
Capital assets under Construction	-	-	1 137 269	-	-	-	1 137 269
Depreciation	(10 656)	(263 055)	(8 414 206)	(618 111)	(1 852 441)	(18 169)	(11 176 638)
				-	-	-	-
Carrying value of disposals	**-**	**-**	**-**	**-**	**(120 119)**	**-**	**(120 119)**
Cost/Revaluation	-	-	-	-	(1 811 738)	-	(1 811 738)
Accumulated depreciation and impairment losses	-	-	-	-	1 691 619	-	1 691 619
				-	-	-	-
as at 30 June 2012	**4 860 935**	**5 145 407**	**192 240 830**	**11 804 718**	**6 572 309**	**308 878**	**220 933 076**
Cost/Revaluation	4 903 499	6 843 599	226 925 122	19 105 006	13 089 709	327 047	271 193 982
Accumulated depreciation and impairment losses	(42 564)	(1 698 192)	(34 684 292)	(7 300 289)	(6 517 399)	(18 169)	(50 260 906)

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

6.2 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
as at 1 July 2010	**4 882 217**	**5 670 799**	**165 805 778**	**13 039 251**	**8 455 161**	**-**	**197 853 206**
Cost/Revaluation	2 433 603	3 730 072	177 377 071	13 801 767	10 660 063	-	208 002 576
Correction of error (note 48)	2 469 896	3 113 527	7 308 043	5 303 240	2 392 000		20 586 706
Change in accounting policy (note 47)							-
Accumulated depreciation and impairment losses	(21 282)	(1 172 800)	(18 879 336)	(6 065 756)	(4 596 902)	-	(30 736 075)
Acquisitions	-	-	23 717 252	-	931 843	-	24 649 095
Capital under Construction	-		-	-	-	-	-
Depreciation	(10 627)	(262 337)	(7 388 287)	(616 422)	(1 759 675)	-	(10 037 348)
						-	
						-	
as at 30 June 2011	**4 871 590**	**5 408 462**	**182 134 743**	**12 422 829**	**7 627 329**	**-**	**212 464 953**
Cost/Revaluation	4 903 499	6 843 599	208 404 830	19 105 006	13 983 906	-	253 240 840
Accumulated depreciation and impairment losses	(31 909)	(1 435 137)	(26 270 087)	(6 682 178)	(6 356 577)	-	(40 775 887)

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

	Note	2012 R
6.3 Property, plant and equipment pledged as security		
Konica Minolta Bizhub Copiers		308 878

The Municipality holds 4 bizhub copiers under finance lease with Sky Metro Office Automation (Pty) Ltd. The copiers are leased for a period of 36 months with no escalation costs and interest is charged at the prime interest rate.

6.4 Details of valuation

independent valuers, Associated Valuation Consortium (AVC). AVC is not connected to the entity and have recent experience in location and category of the investment property being valued.
Land and buildings are re-valued independently every 4 years.

6.5 Details of property

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

	Note	2012	2011
		R	R

7 INTANGIBLE ASSETS

7.1 Reconciliation of carrying value

	Computer Software R	Total R
as at 1 July 2011	491 869	491 869
Cost	779 823	779 823
Accumulated amortisation and impairment losses	(287 954)	(287 954)
Acquisitions	-	-
Amortisation	(102 119)	(102 119)
as at 30 June 2012	**390 890**	**390 890**
Cost	779 823	779 823
Accumulated amortisation and impairment losses	(388 933)	(388 933)

7.2 Reconciliation of carrying value

	Computer Software R	Total R
as at 1 July 2010	**528 674**	**528 674**
Cost	713 359	713 359
Correction of error (note 48)	1 534	1 534
Accumulated amortisation and impairment losses	(186 219)	(186 219)
Acquisitions	63 790	63 790
Amortisation	(100 595)	(100 595)
as at 30 June 2011	**491 869**	**491 869**
Cost	779 823	779 823
Accumulated amortisation and impairment losses	(287 954)	(287 954)

	Note	2012	2011
		R	R

8 INVESTMENT PROPERTY CARRIED AT COST

8.2 Reconciliation of carrying value

	Buildings	Land	Total
	R	R	R
as at 1 July 2011	**45 041**	**27 908 700**	**27 953 741**
Cost	379 308	27 908 700	28 288 008
Correction of error (note 48)	-		-
Change in accounting policy (note 47)			-
Accumulated depreciation and impairment losses	(334 267)	-	(334 267)
Acquisitions	-	-	-
Depreciation	(11 671)	-	(11 671)
as at 30 June 2012	**33 370**	**27 908 700**	**27 942 070**
Cost	379 308	27 908 700	28 288 008
Accumulated depreciation and impairment losses	(345 938)	-	(345 938)

8.2 Reconciliation of carrying value

	Buildings	Land	Total
	R	R	R
as at 1 July 2010	**56 679**	**27 908 700**	**27 965 379**
Cost	379 308	-	379 308
Correction of error (note 48)	17 966	27 908 700	27 926 666
Change in accounting policy (note 47)			-
Accumulated depreciation and impairment losses	(340 595)	-	(340 595)
Acquisitions	-	-	-
Depreciation	(11 638)	-	(11 638)
as at 30 June 2011	**45 041**	**27 908 700**	**27 953 741**
Cost	379 308	27 908 700	28 288 008
Accumulated depreciation and impairment losses	(334 267)	-	(334 267)

8.4 Fair value of investment property carried at cost:

The effective date of the revaluations was 1 July 2009. Revaluations were performed by an independent valuers, Associated Valuation Consortium (AVC). AVC is not connected to the entity and have recent experience in location and category of the investment property being valued.
The valuation was based on open market value for existing use.

8.4 Details of property:

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

	Note	2012 R	2011 R
9 NON-CURRENT ASSETS HELD FOR SALE			
Property, plant and equipment		750 000	-
		750 000	**-**

Council has decided that the previous mayoral residence located on erf 294, Kareedouw is to be sold. The property is no longer used and as such has been classified as a non-current asset held for sale.

10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

		2012 R	2011 R
Trade creditors		5 562 740	7 559 634
Staff leave accrual		2 413 363	1 861 477
Other creditors		8 281 758	410 332
Total creditors		**16 257 860**	**9 831 444**

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

11 CONSUMER DEPOSITS

		2012 R	2011 R
Electricity and Water		104 700	104 700
Total consumer deposits		**104 700**	104 700

12 VAT PAYABLE

		2012 R	2011 R
VAT payable		-	1 676 315

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

12 VAT RECEIVABLE

		2012 R	2011 R
VAT receivable		336 448	-
		336 448	-

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

	Note	2012 R	2011 R
13 PROVISIONS			
Current portion of long-service provision (see note 17)		132 899	37 824
Total Provisions		**132 899**	**37 824**
14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
14.1 Unspent Conditional Grants from other spheres of Government			
MIG Grants		(979 836)	(471 212)
14.2 Other Unspent Conditional Grants and Receipts		515 425	(3 205 344)
Total Unspent Conditional Grants and Receipts		**(464 411)**	**(3 676 556)**
Current portion of unspent conditional grants and receipts		**(464 411)**	**1 151 366**

	Note	2012 R	2011 R

15 FINANCE LEASE LIABILITY

2012 **Amounts payable under finance leases**	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	124 800	23 904	100 896
Within two to five years	228 800	18 603	210 197
	353 600	42 507	**210 197**
Less: Amount due for settlement within 12 months (current portion)			(100 896)
			311 093

The average lease term is 3 years and the average effective borrowing rate is prime rate. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 0% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

16 OTHER FINANCIAL LIABILITIES

61.1 OTHER CURRENT FINANCIAL LIABILITIES

	2012	2011
Other current financial liabilities	60 864	54 434

	Note	2012 R	2011 R
17 NON-CURRENT PROVISIONS			
Provision for rehabilitation of landfill sites		995 030	901 398
Provision for long-service awards		943 781	616 167
Total Non-Current Provisions		**1 938 811**	**1 517 565**

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation.

The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover.

The movement in the non-current provision is reconciled as follows: -

	2012	2011
Provision for rehabilitation of landfill sites:		
Balance at the beginning of year	(901 398)	(901 398)
Increase in provision due to discounting	(93 632)	-
Balance at the end of year	**(995 030)**	**(901 398)**
Provision for long-service awards:		
Balance at the beginning of year	616 167	552 215
Prior period adjustment	37 824	
Contributions to provision	103 010	93 358
Actuarial loss	273 488	-
Expenditure incurred	(11 176)	(39 631)
Increase in provision due to discounting	57 366	48 049
Transfer to current provisions	(132 899)	(37 824)
Balance at the end of year	**943 780**	**616 167**

18 PROPERTY RATES

	2012	2011
Actual		
Residential	5 663 261	7 943 164
Commercial	2 552 520	-
State	2 939 975	-
Total	**11 155 756**	**7 943 164**
Valuations		
Residential	900 697 000	900 697 000
Commercial	222 980 000	222 980 000
State	540 494 600	540 494 600
Agricultural	1 663 265 000	1 663 265 000
Exempted properties	294 037 400	294 037 400
Total Property Valuations	**3 621 474 000**	**3 621 474 000**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 209. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

A general rate of 5.661c/R (2011: 5.341c/R) is applied to property valuations to determine assessment rates. Rebates of 20% are granted to residential and state property owners. Rates are levied on an annual basis on property owners.

Rates are levied on a monthly basis with the final date of payment being on the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September 2012.

	Note	2012 R	2011 R
19 SERVICE CHARGES			
Sale of electricity		1 507 380	1 431 955
Sale of water		6 226 835	5 473 115
Refuse removal		2 690 903	2 493 592
Sewerage and sanitation charges		5 537 332	5 155 971
Total Service Charges		**15 962 450**	**14 554 633**
20 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		78 568	150 976
Rental of equipment		636	980
Other rentals		6 035	6 035
Total rentals		**85 238**	**157 991**
21 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		912 004	2 015 457
Total interest		**912 004**	**2 015 457**
22 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		23 246 000	22 754 154
MIG Grant		19 100 104	56 679 583
Other Government Grants and Subsidies		32 779 225	12 959 057
Total Government Grant and Subsidies		**75 125 329**	**92 392 794**

22.1 Equitable Share

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

22.2 MIG Grant

		2012 R	2011 R
Balance unspent at beginning of year		(471 211)	6 716 510
Current year receipts		18 591 479	49 491 863
Conditions met - transferred to revenue		(19 100 104)	(56 679 583)
Conditions still to be met - remain liabilities (see note 14)		**(979 836)**	**(471 211)**

22.3 Other Government Grants and Subsidies

		2012 R	2011 R
Balance unspent at beginning of year		(3 205 344)	(2 773 517)
Current year receipts		36 499 995	2 407 187
Conditions met - transferred to revenue		(32 779 225)	(2 839 014)
Conditions still to be met - remain liabilities (see note 14)		**515 425**	**(3 205 344)**

	Note	2012 R	2011 R
23 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
23.1 Other income			
Other income		1 245 199	6 303 563
Total Other Income		**1 245 199**	**6 303 563**
24 EMPLOYEE RELATED COSTS		**29 037 415**	**23 099 020**
Employee related costs - Salaries and Wages		18 559 688	14 372 690
Employee related costs - Contributions for UIF, pensions and medical aids		3 546 885	2 534 996
Travel, motor car, accommodation, subsistence and other allowances		2 071 808	1 730 588
Housing benefits and allowances		474 648	370 308
Overtime payments		950 359	241 346
Performance and other bonuses		1 066 898	987 453
Long-service awards		117 319	-
Other employee related costs		761 282	297 956
Employee Related Costs		**27 548 887**	**20 535 337**

There were no advances to employees / Loans to employees are set out in note 3.

	2012	2011
Remuneration of the Municipal Manager		
Annual Remuneration	826 820	440 630
Travel, motor car, accommodation, subsistence and other allowances	-	168 000
Contributions to UIF, Medical and Pension Funds	-	81 628
Total	**826 820**	**690 258**
Remuneration of the Chief Finance Officer		
Annual Remuneration	661 708	342 205
Travel, motor car, accommodation, subsistence and other allowances	-	157 500
Contributions to UIF, Medical and Pension Funds	-	1 123
Total	**661 708**	**500 828**

Remuneration of Individual Executive Directors	Technical Services R	Corporate Services R	Community Services R
2012			
Annual Remuneration	-	-	-
Total	**-**	**-**	**-**

	Technical Services R	Corporate Services R	Community Services R
2011			
Annual Remuneration	141 164	360 515	661 708
Performance- and other bonuses	-		-
Travel, motor car, accommodation, subsistence and other allowances	24 262	103 000	-
Contributions to UIF, Medical and Pension Funds	374	81 574	-
Total	**165 800**	**545 089**	**661 708**

	Note	2012 R	2011 R
25 REMUNERATION OF COUNCILLORS			
Executive Mayor		547 803	559 905
Councillors		170 126	1 077 967
Councillors' allowances		746 494	403 630
Total Councillors' Remuneration		**1 464 423**	**2 041 502**

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

	2012 R	2011 R
26 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	11 176 638	10 037 348
Intangible assets	11 671	11 638
Investment property carried at cost	102 119	100 595
Total Depreciation and Amortisation	**11 290 428**	**10 149 581**
27 FINANCE COSTS		
Bank overdrafts	709 562	158 252
Total Finance Costs	**709 562**	**158 252**
28 BULK PURCHASES		
Electricity	1 992 350	1 661 643
Water	29 314	81 892
Total Bulk Purchases	**2 021 664**	**1 743 535**

29 CONTRACTED SERVICES

	Expenditure for the year R	
Mandithanda Security & Cleaning	R 812 307.75	
De Jager Vervoer	R 472 083.34	
Skomane Transport & Maintenance	R 24 180.00	
V L Ruiters	R 278 092.40	
Hendrik Elektriese Dienste	R 7 042.50	
Lettas Building & Civil	R 23 130.00	
Alef Construction & Projects	R 7 440.00	
Eric Meva	R 20 348.00	
Jacobs VS	R 11 998.00	
Moses Sikiwe	R 12 120.00	
Smhart Family Trust	R 500.01	
P Prins Construction Plan	R 5 574.95	
Strydom Vrugteboerdery	R 15 151.99	
SOFTLINE VIP	R 54 763.72	
DR VAN GREUNEN	R 4 842.11	
EP WEB NETWORKS	R 20 912.40	
TRUE TECHNOLOGIES	R 1 219.30	
KOUGA DEVELOPMENT AGENCY	R 32 484.00	
CONLOG SOLUTIONS	R 21 759.80	
R-DATA PROFESSIONAL FEES	R 37 979.00	
FRANCIOUS MINI MARKET	R 144.00	
	1 864 073	**1 538 154**

	2012 R	2011 R
30 GRANTS AND SUBSIDIES PAID		
Grant/subsidy paid	38 452 427	26 127 064
	38 452 427	**26 127 064**

	Note	2012 R	2011 R
31 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		272 201	139 413
Audit fees		2 264 352	951 595
Bank charges		149 448	102 871
Conferences and delegations		9 091	20 838
Consumables		1 170 029	(248 481)
Fuel and oil		1 496 929	1 165 956
Insurance		6 062	902 249
Legal expenses		308 296	270 967
Levies paid		311 767	179 123
Licence fees - vehicles		79 742	184 783
Postage		59 376	74 403
Printing and stationery		421 670	279 340
Rental of office equipment		320 479	296 285
Other rentals		150 986	75 374
Subscribtion & publication		6 073	275 959
Telephone cost		1 122 764	811 685
Training		3 700	3 098
Travel and subsistence		820 043	362 009
Uniforms & overalls		60 371	87 984
Other		2 724 870	1 589 305
		11 758 252	**7 524 757**
32 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		245 444	-
Total Gain / (Loss) on Sale of Assets		**245 444**	**-**

	Note	2012 R	2011 R
33 CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		2 928 254	39 533 353
Adjustment for:-			
Depreciation and amortisation		12 614 844	11 513 527
(Gain) / loss on sale of assets		(245 444)	-
Contribution to provisions - non-current		421246	
Contribution to provisions - current		95 075	
Finance costs		709 562	158 253
Other non-cash item			
Operating surplus before working capital changes:		**16 523 537**	**51 205 133**
(Increase)/decrease in inventories		(36 522)	
(Increase)/decrease in trade receivables		553 839	
(Increase)/decrease in other receivables		(8 880 011)	
(Increase)/decrease in VAT receivable		(1 985 438)	
Increase/(decrease) in conditional grants and receipts		(1 185 300)	
Increase/(decrease) in trade payables		8 113 488	
Other liability			
Cash generated by/(utilised in) operations		**13 103 593**	**51 205 133**

34 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2012	2011
Bank balances and cash	5 265 109	16 352 482
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	**5 265 109**	**16 352 482**

	Note	2012	2011
		R	R

	Note	2012 R	2011 R

35 CORRECTION OF ERROR

During the year ended 30 June 2010 and previous years, PPE and other assets were incorrectly recognised: -

The comparative amount has been restated as follows:

		2012	2011
Interest received			24 612
Government Grants and Subsidies			24 265 411
Other Income			6 082 984
Employee Cost			352 980
Other expenditure			506 218
Depreciation			(1 286 368)
General expense			
Net effect on surplus/(deficit) for the year		-	29 945 837

		2012	2011
Cash and cash equivalents			76 021
Trade and other receivables from exchange transactions			(3 452 786)
Other receivables from non-exchange transactions			(1 604 253)
Inventories			42 349 831
VAT receivable			897 713
Other non-current financial assets			
Property, plant and equipment			11 225 507
Intangible assets			(31 916)
Investment property carried at cost			27 924 665
Trade and other payables from exchange transactions			2 158 187
Current portion of unspent conditional grants and receipts			44 016 208
Non-current finance lease liability			(13 408)
Non-current provisions			(849 147)
Net effect on Statement of Financial Position		-	122 696 620
Net effect on Accumulated surplus opening balance			92 750 783

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

		2012	2011
Opening balance		29 834 014	16 970 000
Unauthorised expenditure current year		10 988 422	12 864 014
Employee Costs		2 015 087	
Depreciation		8 415 173	8 863 221
Bad debt provision		558 162	4 000 793
Approved by Council or condoned		40 822 436	
Transfer to receivables for recovery			
Unauthorised expenditure awaiting authorisation		**-**	**29 834 014**

36.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

		2012	2011
Opening balance -		365 125	117 426
Fruitless and wasteful expenditure current year		661 297	247 699
Condoned or written off by Council		(1 026 422)	
To be recovered – contingent asset (see note 55)	Notes15-61'!A883		
Fruitless and wasteful expenditure awaiting condonement		**-**	**365 125**

36.3 Irregular expenditure

Reconciliation of irregular expenditure

		2012	2011
Opening balance		509 660	345 716
Fruitless and wasteful expenditure current year			621 940
Condoned or written off by Council			
Transfer to receivables for recovery – not condoned			(457 996)
Irregular expenditure awaiting condonement		**509 660**	**509 660**

	Note	2012 R	2011 R

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

37.1 Contributions to organised local government

	2012	2011
Council subscriptions		20 301
Amount paid - current		(20 301)
Balance unpaid (included in payables)	**-**	**-**

37.2 Audit fees

	2012	2011
Opening balance	884 754	746 895
Current year audit fee	2 730 076	1 154 084
Amount paid - current year		(1 016 225)
Amount paid - previous years	(73 247)	
Balance unpaid (included in payables)	**3 541 583**	**884 754**

The balance unpaid represents the audit fees that could not be paid due to financial constraints endured by the municipality. An agreement was reach with the Auditor General that the outstanding balance will be paid in monthly instalments of R200 000

37.3 VAT

VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

37.4 PAYE and UIF

	2012	2011
Opening balance		
Current year payroll deductions	3 484 858	2 720 549
Amount paid - current year	-3 484 858	-2 720 549
Amount paid - previous years		
Balance unpaid (included in payables)	**-**	**-**

37.5 Pension and Medical Aid Deductions

	2012	2011
Opening balance		
Current year payroll deductions and Council Contributions	5 183 887	4 325 823
Amount paid - current year	(5 183 887)	(4 325 823)
Amount paid - previous years		
Balance unpaid (included in payables)	**-**	**-**

The balance represents pension and medical aid contributions deducted from employees in the June 2012 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2012.

	Note	2012 R	2011 R
38 CAPITAL COMMITMENTS			
38.1 Commitments in respect of capital expenditure			
- Approved and contracted for		**15 251 889**	**6 515 516**
Infrastructure		10 334 443	6 515 516
Community		4 917 446	
Total		15 251 889	6 515 516
This expenditure will be financed from:			
- Government Grants		10 334 443	6 515 516
- Own resources		4 917 446	
- District Council Grants			
		15 251 889	**6 515 516**

	Note	2012	2011
		R	R

39 RETIREMENT BENEFIT INFORMATION

39.1 Defined contribution plan

39.2 Post Retirement medical aid plan

Retirement benefit liabilities have been disclosed to adhere to the disclosure provisions of IAS 19.

The municipality provides certain post-retirement helath care benefits by funding the medical aid contributions of qualifying retired members. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of medical aid. The municipality operates an unfunded defined benefit plan for those qualifying employees. No other post-retirement benefits are provided to these employees.

Actuarial valuations are performed annually. The most recent valuations of the present value of the defined benefit obligation was carried out at 30 June 2012 by C Weiss of ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. At this date, two members were eligible for the post retirement medical aid benefit.

The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

Carrying Value

	2012	2011
Present value of the defined benefit obligation - wholly unfunded	-610 131	-561 531
Interest cost	-48 265	-48 600
Net actuarial losses	-68 338	-
Benefits paid	31 891	
Current portion transferred to provisions	60 864	54 434
	-633 979	**-555 697**

39.3 Post-retirement health care benefits liability

	2012	2011
Opening balance	610 131	612 447
Contributions by members	13 668	48 600
Expenditure incurred	-45 559	-50 916
Increase due to remeasurement	116 603	
	694 843	610 131
Current portion	-60 864	-54 434
	633 979	**555 697**

	Note	2012 R	2011 R
39.4 Net expense recognised in the statement of financial performance			
Current service cost	48 265		48 600
Interest cost	**48 265**		**48 600**

Key Assumptions used

Health care cost inflation rate	6.53%	6.91%
Net effective discount rate	7.48%	8.27%

40 CONTINGENT LIABILITY

The Municipality had the following outstanding litigations and claims :

L Bebeza and others
A claim was lodged against the municipality due to irregular allowances deducted from the salaries of the employees. The value of the claim totals: R 195 196.46

M Ndokweni
Arbitration regarding a claim lodged against the municipality due to alleged unfair dismissal subsequent to disciplinary hearing. The matter may result in one of the following awards:
- Reinstatement of Mr M Ndokweni or
- Compensation for to the value of 12 months remuneration totalling R 500 232.00

S Spellman
A Claim was lodged against the municipality due to alleged unfair dismissal. The dispute was taken to the bargaining Council and the Bargaining council found in favour of Mr Spellman and awarded an amount of R900 000.00. This matter has now been referred to arbitration for review. R 900 000

Sondiyazi & Barnes
A claim has been made against the municipality for breach of the conditions of the Service Level Agreement between the municipality and Sonyazi and Barnes regarding the provision of debt collection services. The matter will be referred to Arbitration but could result in damages due for lost collection commission to the value of R 4 000 000

MTO Forrestry
A Claim was lodged against the municipality as the Sixth defendant for neglegently issuing burning permits when conditions were favourable for the spread of run-away fires. Damages suffered by MTO forrestry in excess of R5 million rand has been claimed. The matter has been referred to trial.

T Mohr
A Claim was lodged against the municipality relating to amounts due to the claimant for unpaid leave, back-pay, unpaid salary, etc. The claim against the municipality has a value in excess of R700 000. The matter has been referred to the Labour court for condonation
The outcome of the claim is still uncertain

C Oudtshoorn
A Claim was lodged against the municipality relating to amounts due to the claimant for unpaid leave, back-pay, unpaid salary, etc. The claim against the municipality has a value in excess of R700 000. The matter has been referred to the Labour court for condonation
The outcome of the claim is still uncertain

	Note	2012	2011
		R	R

41 RELATED PARTIES

There are no known related parties within the municipality.

42 EVENTS AFTER THE REPORTING DATE

No material subsequent events occurred that would have an impact on the financial statements

43 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Fair value of plan assets
Provision for doubtful debts
Impairment of assets
Provision for long-term service award
Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets
Provisions
Other

RISK MANAGEMENT

Maximum credit risk exposure

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

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

ABSA Bank 32 day Call Account

These balances represent the maximum exposure to credit risk.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

	Note	2012	2011
		R	R

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

- Call deposits
- Notice deposits
- Long term annuity
- Development Bank of South Africa loan
- ABSA overdraft

45 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)

Kou-Kamma Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2012

EXTERNAL LOANS	Loan number	Redeemable Date	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 & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
Stock Loan @ x% 2								
Stock Loan @ x% 3								
Stock Loan @ x% 4								
Stock Loan @ x% 5								
Stock Loan @ x% 6								
Stock Loan @ x% 7								
Stock Loan @ x% 8								
Total long-term loans								
ANNUITY LOAN								
Sanlam @ x%								
GOVERNMENT LOANS								
- Other @ x%								
Total Government Loans								
TOTAL EXTERNAL LOANS								

Kou-Kamma Municipality

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

Description	Cost / Revaluation Opening Balance	Cost / Revaluation Additions	Cost / Revaluation Disposals	Cost / Revaluation Closing Balance	Accumulated Depreciation Opening Balance	Accumulated Depreciation Additions	Accumulated Depreciation Disposals	Accumulated Depreciation Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R
LAND AND BUILDING ASSETS									
Land:									
Land - Developed	3 808 899	-	-	3 808 899	31 909	10 656	-	42 564	3 766 335
Land - Undeveloped	1 094 600	-	-	1 094 600	-	-	-	-	1 094 600
Farms	-	-	-	-	-	-	-	-	-
Buildings:									
Office Buildings	3 305 030	-	-	3 305 030	663 494	128 620	-	792 114	2 512 915
Warehouses and Storage Facilities	174 742	-	-	174 742	126 025	3 184	-	129 209	45 533
Workshops and Depots	444 212	-	-	444 212	64 017	14 319	-	78 335	365 877
Other Buildings	2 404 937	-	-	2 404 937	392 865	99 741	-	492 605	1 912 332
Public Parking	-	-	-	-	-	-	-	-	-
	11 232 420	**-**	**-**	**11 232 420**	**1 278 310**	**256 519**	**-**	**1 534 829**	**9 697 591**
INFRASTRUCTURE ASSETS									
Electricity:									
LV Conductors	-	-	-	-	-	-	-	-	-
LV Cables	7 812 548	-	-	7 812 548	-	313 152	-	313 152	7 499 396
Service Connections	-	-	-	-	-	-	-	-	-
Electricity Meters : Prepaid	-	-	-	-	-	-	-	-	-
High Mast Lighting	2 149 797	586 816	-	2 736 613	-	143 741	-	143 741	2 592 872
Roads:									
Bridges:	-	-	-	-	-	-	-	-	-
Bridges	-	-	-	-	-	-	-	-	-
Roads:	1 162 500	-	-	1 162 500	-	111 828	-	111 828	1 050 672
Roads	116 370 669	2 791 763	-	119 162 432	-	5 830 805	-	5 830 805	113 331 627
Pavements	4 328 761	-	-	4 328 761	-	86 755	-	86 755	4 242 005
Road Furniture	11 590	-	-	11 590	-	774	-	774	10 816
Street Lighting	1 760 849	-	-	1 760 849	-	44 112	-	44 112	1 716 737
Stormwater:	-	-	-	-	-	-	-	-	-
Drainage	-	-	-	-	-	-	-	-	-
Pipework	3 441 540	-	-	3 441 540	-	68 974	-	68 974	3 372 566
Other:	-	-	-	-	-	-	-	-	-
Bus / Taxi Stops	-	-	-	-	-	-	-	-	-
Bus / Taxi Terminals	-	-	-	-	-	-	-	-	-
Car Parks	-	-	-	-	-	-	-	-	-
Sanitation:									
Landfill Sites	4 600 884	-	-	4 600 884	-	102 499	-	102 499	4 498 385
Transfer Stations	-	-	-	-	-	-	-	-	-
Processing Facilities	2 040 521	-	-	2 040 521	28 026	83 662	-	111 689	1 928 832
Security Measures:									
Access Control	20 912	-	-	20 912	-	1 350	-	1 350	19 562
Sewerage:									
Bulk Pipelines	-	-	-	-	-	-	-	-	-
Outfall Sewers	3 476 236	-	-	3 476 236	-	69 669	-	69 669	3 406 567
Reticulation	8 083 133	74 165	-	8 157 298	-	136 150	-	136 150	8 021 148
Toilet Facilities	-	-	-	-	-	-	-	-	-
Sewer Pumping Stations	1 976 543	-	-	1 976 543	-	36 012	-	36 012	1 940 531
Sewer Treatment Works	7 302 430	-	-	7 302 430	-	133 049	-	133 049	7 169 381
Water:									
Dams and Weirs	516 245	-	-	516 245	-	33 529	-	33 529	482 715
Reservoirs and Tanks	8 443 611	5 311	-	8 448 922	398 341	196 785	-	595 127	7 853 795
Underground Chambers	218 110	-	-	218 110	-	3 974	-	3 974	214 136
Telemetry Systems	79 482	-	-	79 482	-	5 310	-	5 310	74 172
Water Boreholes	1 309 562	-	-	1 309 562	-	32 806	-	32 806	1 276 756
Water Pumping Stations	9 253	-	-	9 253	-	1 779	-	1 779	7 474
Water Electrical Equipment	289 273	-	-	289 273	-	28 723	-	28 723	260 550
Water Treatment Works	2 205 717	12 787 700	-	14 993 417	-	40 811	-	40 811	14 952 606
Water Bulk Pipelines	31 080	-	-	31 080	-	3 939	-	3 939	27 141
Water Reticulation	19 006 527	-	-	19 006 527	-	380 985	-	380 985	18 625 542
Water Meters	-	-	-	-	-	-	-	-	-
Water Supply	11 757 057	-	-	11 757 057	-	523 031	-	523 031	11 234 026
	208 404 830	**16 245 754**	**-**	**224 650 584**	**426 368**	**8 414 206**	**-**	**8 840 573**	**215 810 011**
COMMUNITY ASSETS									
Sports Facilities:									
Indoor Sports Facilities	-	-	-	-	-	-	-	-	-
Outdoor Sports Facilities	179 806	-	-	179 806	131 319	9 009	-	140 327	39 479
Sports Complexes	-	-	-	-	-	-	-	-	-
Stadiums	67 543	-	-	67 543	24 768	2 256	-	27 025	40 518
Floodligting	322 240	-	-	322 240	171 944	21 530	-	193 473	128 767
Other Facilities:									
Care Centres	1 070 898	-	-	1 070 898	513 500	35 772	-	549 272	521 626
Cemeteries	421 175	-	-	421 175	42 526	14 069	-	56 594	364 580
Clinics and Hospitals	3 103 361	-	-	3 103 361	1 418 596	82 038	-	1 500 634	1 602 727
Community Centres	10 884 278	-	-	10 884 278	3 962 493	351 368	-	4 313 860	6 570 418
Mortuaries	34 876	-	-	34 876	31 378	1 165	-	32 543	2 333
Religion	475 000	-	-	475 000	47 513	15 867	-	63 380	411 620
Schools	2 347 000	-	-	2 347 000	193 924	78 398	-	272 321	2 074 679
Vehicle Testing Centres	713 508	-	-	713 508	332 953	23 834	-	356 787	356 721
	19 619 684	**-**	**-**	**19 619 684**	**6 870 913**	**635 303**	**-**	**7 506 216**	**12 113 468**
OTHER ASSETS									
Computer Equipment:									
Computer Hardware (including Ope	1 663 669	403 565	353 967	1 713 266	786 990	329 173	317 065	799 099	914 167
Computer Networks	22 343	-	-	22 343	10 700	2 762	-	13 462	8 881
Emergency Equipment:									
Ambulance Equipment	-	-	-	-	-	-	-	-	-
Emergency / Rescue Equipment:	-	-	-	-	-	-	-	-	-
Emergency Lights	39 213	144 830	-	184 043	7 618	16 517	-	24 135	159 909
Fire Fighting Equipment	-	-	-	-	-	-	-	-	-
Medical and Allied Equipment:	-	-	-	-	-	-	-	-	-
Furniture and Fittings:									
Advertising Boards	-	-	-	-	-	-	-	-	-
Cabinets and Cupboards	323 615	48 855	4 500	367 970	156 054	42 247	4 082	194 219	173 751
Chairs	731 678	26 944	66 354	692 267	352 594	94 238	61 262	385 570	306 697
Desks and Tables	318 583	60 078	15 467	363 194	147 271	44 057	14 220	177 107	186 087
Domestic / Hostel Furniture	55 969	-	1 979	53 990	30 787	4 734	1 832	33 689	20 301
Other Furniture and Fittings	240 669	-	256	240 413	93 815	33 370	256	126 929	113 484
Office Equipment:									
Air Conditioners (Individual)	24 338	8 514	-	32 852	15 053	5 508	-	20 561	12 291
Audiovisual Equipment	-	-	-	-	-	-	-	-	-
Cellular Phones	1 000	-	1 000	-	750	250	1 000	-	-
Domestic Equipment	43 620	-	12 058	31 562	26 704	6 648	10 568	22 785	8 777
Library Materials	-	24 157	-	24 157	-	2 335	-	2 335	21 822
Office Equipment / Machines	187 897	327 047	27 492	487 452	90 624	42 796	19 622	113 797	373 655
Paintings, Sculptures and Ornamen	-	-	-	-	-	-	-	-	-
Other Office Equipment	70 781	10 877	459	81 200	29 271	10 883	262	39 891	41 308
Plant and Equipment:									
Agricultural / Farm Equipment	97 123	-	-	97 123	51 824	6 489	-	58 313	38 810
Compressors, Generators and Allie	183 629	-	9 629	174 000	72 712	32 673	9 708	95 677	78 323
Gardening Equipment	253	-	-	253	4	50	-	54	199
Industrial Sewing Machines	-	-	-	-	-	-	-	-	-
Irrigation Equipment / Systems	2 500	-	-	2 500	1 834	167	-	2 001	499
Radio Equipment	2 356	-	80	2 276	976	332	74	1 234	1 042
Security Equipment / Systems / Ma	15 500	-	-	15 500	2 694	2 020	-	4 714	10 786
Sport and Recreational Equipment	-	-	-	-	-	-	-	-	-
Surveying Equipment	-	-	-	-	-	-	-	-	-
Telecommunication Equipment	59 957	-	-	59 957	35 191	15 195	-	50 385	9 572
Workshop Tools	348 534	-	30 000	318 534	197 920	67 058	24 003	240 974	77 560
Other Plant and Equipment	1 567 501	41 100	39 581	1 569 021	500 450	232 515	26 970	705 995	863 025
Motor Vehicles:									
Bakkies (LDV's)	1 470 085	148 621	65 002	1 553 704	628 993	197 937	65 002	761 928	791 776
Busses	-	-	-	-	-	-	-	-	-
Cycles	-	-	-	-	-	-	-	-	-
Fire Engines	1 000 000	-	-	1 000 000	475 771	78 438	-	554 209	445 791
Graders	350 000	-	350 000	-	330 514	19 433	349 947	-0	0
Motor Cars	285 742	-	3	285 739	163 506	42 143	3	205 646	80 093
Tippers	240 041	-	-	240 041	112 022	28 873	-	140 895	99 146
Tractors	1 063 176	-	470 505	592 671	581 346	63 690	470 504	174 531	418 140
Trailers and Accessories	597 500	-	190 000	407 500	302 844	53 659	159 212	197 290	210 210
Trucks	2 976 633	-	173 406	2 803 227	1 149 748	394 423	156 027	1 388 144	1 415 083
	13 983 906	**1 244 588**	**1 811 738**	**13 416 756**	**6 356 577**	**1 870 611**	**1 691 619**	**6 535 569**	**6 881 187**
	253 240 841	**17 490 342**	**1 811 738**	**268 919 445**	**14 932 168**	**11 176 638**	**1 691 619**	**24 417 187**	**244 502 257**

KOUKAMMA LOCAL MUNICIPALITY : ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 200

Description	Cost / Revaluation Opening Balance	Cost / Revaluation Additions	Cost / Revaluation Disposals	Cost / Revaluation Closing Balance	Accumulated Depreciation Opening Balance	Accumulated Depreciation Additions	Accumulated Depreciation Disposals	Accumulated Depreciation Closing Balance	Carrying Value
INVESTMENT PROPERTY ASSETS									
Land:									
IP Land	12 491 100	-	-	12 491 100	-	-	-	-	12 491 100
IP Land Held-for-Sale	-	-	-	-	-	-	-	-	-
IP Farms	15 417 600	-	-	15 417 600	-	-	-	-	15 417 600
Buildings:									
IP Office Parks	-	-	-	-	-	-	-	-	-
IP Shopping Centres	-	-	-	-	-	-	-	-	-
IP Buildings Let-out	289 543	-	-	289 543	260 501	9 672	-	270 173	19 370
IP Flats Block	-	-	-	-	-	-	-	-	-
IP Housing	89 765	-	-	89 765	73 774	1 999	-	75 773	13 992
	28 288 008	**-**	**-**	**28 288 008**	**334 275**	**11 671**	**-**	**345 946**	**27 942 062**

Description	Cost / Revaluation Opening Balance	Cost / Revaluation Additions	Cost / Revaluation Disposals	Cost / Revaluation Closing Balance	Accumulated Depreciation Opening Balance	Accumulated Depreciation Additions	Accumulated Depreciation Disposals	Accumulated Depreciation Closing Balance	Carrying Value
INTANGIBLE ASSETS									
Intangibles:									
Capitalised Development Costs	-	-	-	-	-	-	-	-	-
Computer Software	779 823	-	-	779 823	286 814	102 119	-	388 933	390 890
Copyrights, Patents and Trademark	-	-	-	-	-	-	-	-	-
Documents and Charts	-	-	-	-	-	-	-	-	-
Rights and Servitudes	-	-	-	-	-	-	-	-	-
Spatial Development Plan	-	-	-	-	-	-	-	-	-
Valuation Roll	-	-	-	-	-	-	-	-	-
	779 823	**-**	**-**	**779 823**	**286 814**	**102 119**	**-**	**388 933**	**390 890**
TOTAL ASSETS	**282 308 672**	**17 490 342**	**1 811 738**	**297 987 276**	**15 553 258**	**11 290 428**	**1 691 619**	**25 152 066**	**272 835 210**

Kou-Kamma Municipality

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation				Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying value
	R	R	R	R	R	R	R	R	R
Executive & Council									
Finance & Admin	29 813 250	858 034	435 518	30 235 766	8 902 725	1 434 939	384 816	9 952 848	20 282 918
Planning & Development	2 717 148	-	235 486	2 481 662	1 296 046	315 094	212 342	1 398 798	1 082 864
Health	349 631		25 150	324 481	133 141	13 850	10 151	136 840	187 641
Community & Social Services	423 085	37 957	38 036	423 006	191 956	69 868	31 848	229 976	193 030
Housing	2 180 230	-	3 150	2 177 080	180 004	74 279	2 890	251 393	1 925 687
Public Safety	2 167 790	168 280	21 572	2 314 498	1 072 612	190 519	19 595	1 243 536	1 070 962
Sport & Recreation	450 953	30 396	24 460	456 889	32 212	12 861	16 773	28 300	428 589
Environmental Protection	-			-				-	-
Waste Management	3 313 053		536 002	2 777 051	523 515	63 674	528 993	58 196	2 718 855
Waste Water Management	27 273 069	12 720		27 285 789	931 513	846 903		1 778 416	25 507 373
Road Transport	126 313 812	2 696 886	350 000	128 660 698	345 133	6 076 657	349 947	6 071 843	122 588 855
Water	46 809 685	13 099 252	142 365	59 766 572	781 876	1 426 185	134 264	2 073 797	57 692 775
Electricity	11 429 135	586 816	-	12 015 951	541 435	651 810		1 193 245	10 822 706
Other									
Total	253 240 841	17 490 341	1 811 739	268 919 443	14 932 168	11 176 639	1 691 619	24 417 188	244 502 255

Kou-Kamma Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2012

2011	2011	2011		2012	2012	2012
Actual Income	**Actual Expenditure**	**Surplus / (Deficit)**	**(245 444)**	**Actual Income**	**Actual Expenditure**	**Surplus / (Deficit)**
R	**R**	**R**		**R**	**R**	**R**
\`						
2 901 174	6 799 960	(3 898 786)	Executive & Council	3 282 196	8 404 432	(5 122 236)
23 054 175	21 234 466	1 819 709	Finance & Admin	19 845 692	(28 712 649)	48 558 341
1 681 588	1 115 990	565 598	Planning & Development	2 417 603	3 937 281	(1 519 678)
-	4 291	(4 291)	Health		5 770	(5 770)
2 078 205	2 743 514	(665 309)	Community & Social Services	2 395 748	3 178 301	(782 553)
9 455 641	10 263 595	(807 954)	Housing	29 503 193	29 343 520	159 673
1 687 324	2 745 246	(1 057 922)	Public Safety	2 402 231	2 811 360	(409 129)
1 501 886	301 166	1 200 720	Sport & Recreation	1 545 842	73 202	1 472 640
12 137 741	9 824 646	2 313 095	Waste Management	10 926 521	8 265 842	2 660 679
30 641 741	13 358 243	17 283 498	Road Transport	5 778 532	3 122 074	2 656 458
9 395 155	14 157 465	(4 762 310)	Water	24 287 658	67 664 394	(43 376 736)
1 956 523	2 991 115	(1 034 592)	Electricity	3 722 521	3 951 830	(229 309)
			Other			-
96 491 153	**85 539 697**	**10 951 456**		**106 107 737**	**102 045 357**	**4 062 380**
			Less: Inter-Department Charges			
96 491 153	**85 539 697**	**10 951 456**	Total	**106 107 737**	**102 045 357**	**4 062 380**

Kou-Kamma Municipality

APPENDIX E

STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

as at 30 June 2012

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	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
Financial Performance									
Property Rates	(8 841 036)	(10 640 200)	-	(10 640 200)	(11 155 756)		(515 556)	105	126
Service Charges	(18 503 466)	(18 574 000)	-	(18 574 000)	(15 962 450)		2 611 550	86	86
Rental of Facilities and Equipment	(230 444)	(96 160)		(96 160)	(85 238)		10 922	89	37
Investment Revenue	(769 490)	(1 112 300)	-	(1 112 300)	(912 004)		200 296	82	119
Fines	(303 796)	(359 600)		(359 600)	(194 137)		165 463	54	64
Licences and Permits	(1 378)	(600)		(600)	(1 427 623)		(1 427 023)	237937	103601
Government grants and subsidies	(69 122 170)	(89 525 654)	-	(89 525 654)	(75 125 329)		14 400 325	84	109
Other Own Revenue	(2 189 702)	(16 080 045)	-	(16 080 045)	(1 490 643)		14 589 402	9	68
Total Revenue (Excluding Capital Transfers & Contributions)	(99 961 482)	(136 388 559)	-	(136 388 559)	(106 353 180)	0	30 035 379	238446	104210
Employee Costs	30 217 191	25 533 800	-	25 533 800	27 548 887	2 015 087	2 015 087	108	91
Remuneration Of Councillors	2 520 698	2 081 700	-	2 081 700	1 464 423		(617 277)	70	58
Debt Impairment	10 498 346	13 779 400	-	13 779 400	5 629 213		(8 150 187)	41	54
Depreciation & Asset Impairment	0	4 188 000	-	4 188 000	11 290 428	7 102 428	7 102 428	270	N/A
Finance Charges	198 856	151 400	-	151 400	709 562	558 162	558 162	469	357
Materials & Bulk Purchases	2 062 018	3 171 900	-	3 171 900	2 021 664		(1 150 236)	64	98
Repairs and Maintenance	2 175 968	1 949 300	-	1 949 300	1 306 428		(642 872)	67	60
Contracted Services	1 865 812	1 921 900	-	1 921 900	1 864 073		(57 827)	97	100
Transfers & Grants	36 901 525	55 221 941	-	55 221 941	38 452 427		(16 769 514)	70	104
Other Expenditures	12 520 277	15 864 505	-	15 864 505	11 758 252		(4 106 253)	74	94
Total Expenditure	98 960 691	123 863 846	-	123 863 846	102 045 357	9 675 677	(21 818 489)	82	103
Surplus/(Deficit)	(1 000 791)	(12 524 713)	-	(12 524 713)	(4 307 824)	(9 675 677)	8 216 890	34	104107
Transfers Recognised - Capital	9 985 213	16 436 713	0	16 436 713			-	0	0
Contributions Recognised - Capital & Contributed Assets	966 932	276 000	0	276 000			-	0	0
Surplus/(Deficit) After Capital Transfers & Contributions	9 951 354	4 188 000	0	4 188 000	(4 307 824)	(9 675 677)	8 216 890	34	104107
Share Of Surplus/(Deficit) Of Associate	-	-	0	-			-	0	0
Surplus/(Deficit For The Year	9 951 354	4 188 000	0	4 188 000	(4 307 824)	(9 675 677)	8 216 890	34	104107