

**AMAJUBA DISTRICT
MUNICIPALITY**



**ANNUAL FINANCIAL
STATEMENTS
AS AT**

30 JUNE 2011

AMAJUBA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 30
JUNE 2011
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**AMAJUBA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 30
JUNE 2011**

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Councillor JCN Khumalo	Mayor
Councillor MN Majola	Deputy Mayor
Councillor NA Zwane	Executive Committee -Engineering
Councillor EM Zungu	Executive Committee -Corporate Services
Vacant	Executive Committee -Planning & Economic Development
Councillor EM Sigasa	Speaker

GRADING OF LOCAL AUTHORITY

Grade 3

AUDITORS

Auditor-General

BANKERS

ABSA Bank Limited - Newcastle

REGISTERED OFFICE

Amajuba Building
B9356
MADADENI
2951

Private Bag 6615
NEWCASTLE
2940

Tel No.(034)3297200
Fax No.(034)314 3785

COUNCIL MEMBERS OF AMAJUBA DISTRICT MUNICIPALITY

New Councillors

Councillor FS Tsotetsi
Councillor TA Chonco
Councillor NS Matthews
Councillor MS Mlangeni
Councillor NA Msibi
Councillor TM Mhlongo
Councillor VR Hlatshwayo
Councillor SB Harber

Out Going Councillor

Cllr DB Mabuyakhulu
Cllr JNC Khumalo
Cllr Croft
Cllr AT Zwane
Cllr SJ Zulu
Cllr LPT Dhlomo
Cllr SB Harber
Cllr JP Khumalo

GENERAL INFORMATION

Councillor LPT Dhlomo
Councillor MI Dlamini
Councillor SB Hlatshwayo
Councillor MA Buthelezi
Councillor MP Sithole
Councillor JME Damons
Councillor MA Gama
Councillor SD Msibi
Councillor SJ Zulu
Councillor S Kubheka
Councillor DRF Buthelezi
Councillor MN Mbakazi

Cllr HS Madonsela
Cllr NS Matthews
Cllr BJ Mntambo
Cllr NJ Ndebele
Cllr RB Ndimma
Cllr AN Radebe
Cllr MA Sibeko
Cllr D Nkosi
Cllr BL Zulu
Cllr VJ Ngema
Cllr A Chuang Yu
Cllr MF Zikhali

MUNICIPAL MANAGER

Mr V Kubheka

ACTING CHIEF FINANCIAL OFFICER

Mr CT Myeza

AMAJUBA DISTRICT MUNICIPALITY
REPORT OF THE AUDITOR-GENERAL

30 JUNE 2011

The report of the Auditor-General will be inserted after the audit.

STATEMENT OF THE MUNICIPAL MANAGERS RESPONSIBILITY

AMAJUBA DISTRICT MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Amajuba District Municipality is situated Amajuba Building, B 9356, Madadeni, is a category C Municipality established in terms of section 12 (1) of the Municipal Structures Act, No.117 and published in terms of Provincial Government Notice 346 on the 19 September 2000. The Local Government Operations of the Municipality are assigned by section 156 and 229 of the South African Constitution and defined specifically in terms of section 83 of the Municipal Structures Act.

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

.....
Mr V Kubheka
ACTING MUNICIPAL MANAGER

31 AUGUST 2011
DATE

**AMAJUBA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	2011	2010	2010
		R	RESTATED BALANCE R	R
ASSETS				
Current assets				
Cash and cash equivalents	27	1 401 262	54 292 602	54 292 602
Other receivables from non-exchange transactions	8	659 562	850 252	850 252
Prepayments/Deffered Expense	30	2 007 140	-	-
VAT receivable	6	3 927 227	7 842 808	7 842 808
Non-current assets				
Investments	7	-	-	10 731 347
Property, plant and equipment	29	64 913 186	53 956 128	53 956 128
Intangible assets	29	212 244	318 222	318 222
Total assets		73 120 622	117 260 012	127 991 359
LIABILITIES				
Current liabilities				
Trade and other payables from exchange transactions	4	40 563 890	28 497 024	34 974 311
Current provisions	3	1 211 695	1 437 536	1 437 536
Unspent conditional grants and receipts	5	22 398 286	25 192 652	25 192 652
Current portion of borrowings	1	-	88 620	88 620
Bank overdraft	9	13 049 866	-	-
Non-current liabilities				
Non-current borrowings		-	-	10 682 318
Non-current finance lease liability	1	17 161	24 685	24 685
Total liabilities		77 240 899	55 240 517	72 400 122
Net assets		-4 120 275	62 019 497	55 591 239
NET ASSETS				
Investment in Associate UTW	19	-	-	-
Accumulated surplus / (deficit)	31	(4 120 275)	62 019 497	55 591 238
Total net assets		(4 120 275)	62 019 497	55 591 238

AMAJUBA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011

AMAJUBA DISTRICT MUNICIPALITY			AMAJUBA DISTRICT MUNICIPALITY		
ACTUAL 2009	ACTUAL 2010	RESTATED ACTUAL 2010	Note	ACTUAL 2011	BUDGET 2011
R	R	R		R	R
			REVENUE		
5 646 848	6 143 035	-		-	8 704 725
13 486 665	7 484 307	7 484 307	28.1	1 849 253	3 000 000
60 954 079	63 610 823	63 610 823	10	78 331 000	78 331 000
9 295 106	40 968 040	-		-	38 826 362
		430 947			
39 531 605	47 824 319	47 824 319	11	381 540	
19 109 883	12 338 270	12 338 270		50 099 662	22 303 420
				3 380 610	-
				184 633	-
148 024 186	178 368 795	131 688 666		134 226 698	151 165 507
			Total Revenue		
			EXPENDITURE		
21 072 677	27 206 222	27 206 222	13	34 640 373	37 487 581
2 689 502	3 007 657	3 007 657	14	3 885 817	4 645 842
2 631 812	3 909 902	3 909 902	29	4 420 664	1 317 850
1 481 494	2 243 741	2 243 741		2 068 530	2 752 151
30 788	13 782	13 782		5 578	-
57 941 841	92 793 876	86 650 841	12	156 036 970	104 962 083
15 991	-	-		-	-
39 531 605	49 193 615	49 193 615		-	-
125 395 710	178 368 795	172 225 760		201 057 932	151 165 507
			Total Expenditure		
22 628 476	178 368 795	(40 537 093)		(66 831 234)	0
			SURPLUS/(DEFICIT)		
			Taxation		
22 628 476	(40 537 093)	(40 537 093)		(66 831 234)	0
			SURPLUS/(DEFICIT) AFTER TAXATION		
-	-	40 537 093	11.1	56 494 934	-
			Transfer from Accumulated Surplus		
22 628 476	(0)	(0)		(10 336 300)	0
			SURPLUS /(LOSS) FOR THE YEAR		
-	-	-	19	-	-
			Share of loss of associate accounted for under the equity method		
-	(0)	(0)		(10 336 300)	0
			SURPLUS /(LOSS) FOR THE YEAR		
Refer to Appendix F & H for the detail Government Grants -Operating Projects					
Refer to Appendix E for the comparison with the approved budget					

AMAJUBA DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
30 JUNE 2011

		<u>Accumulated Surplus</u>	<u>Total</u>
	NOTE	R	R
2010			
Balance at 01 July 2010		55 591 238	55 591 238
Write off of Inca Loan	31	(10 682 318)	(10 682 318)
Write back -Recovery Fraud(Uthukela Water)-Increase in Other Creditors	31	6 428 258	6 428 258
Write back-Investec Investment	31	10 731 347	10 731 347
Correction of Error (Note)	31	(49 027)	(49 027)
Restated Balance		62 019 497	62 019 497
Surplus for the year		-	-
Prior Years Receipts		-	-
Writeback Inca Loan		-	-
Property, Plant and Equipment Purchased			
Closing Balance at 30 June 2010		62 019 497	62 019 497
2011			
Surplus/(loss) for the year		(10 336 300)	(10 336 300)
Correction of Bank Balance -Write off adjustment		958 764	958 764
Property, Plant and Equipment Purchased		(15 271 744)	(15 271 744)
Transfer to Operating Income-Investments Withdrawn	11	(56 494 934)	(56 494 934)
Prior Years Expenditure & Adjustments		13 268 442	13 268 442
Write off -Interest Earned in Investec Investment		1 736 000	1 736 000
Closing Balance at 30 June 2011		(4 120 275)	(4 120 275)

**AMAJUBA DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
AS AT 30 JUNE 2011**

Note	2011	2010 RESTATED BALANCE	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts	134 226 698	131 688 667	178 368 794
Taxation	-	-	
Sales of goods and services	-	-	6 143 035
Grants:Equitable Share	78 331 000	63 610 823	63 610 823
Interest received	1 849 253	7 484 307	7 484 307
Other Conditional Grants Receipts-Conditions Met	53 480 272	60 162 589	101 130 629
Other receipts	566 173	430 947	
Payments	201 057 932	172 225 760	178 368 795
Employee costs	38 526 190	30 213 879	30 213 879
Suppliers	158 105 499	138 088 197	-
Interest paid	5 578	13 782	13 782
Other payments	4 420 664	3 909 902	148 141 134
Net cash flows from operating activities	(66 831 234)	(40 537 093)	(0)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(15 271 744)	(22 226 182)	(22 226 182)
Proceeds from sale of Property, Plant and Equipment	275 298	-	-
Non-operating income receipted in provisions/reserves	(40 512 316)	(30 278 707)	(30 278 707)
Increase/Decrease in current investments	56 494 934	40 537 093	-
Increase/Decrease in non current investments			
Net cash flows from investing activities	986 172	(52 504 890)	(52 504 889)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Repayment of borrowings	1 (96 144)	(76 576)	(76 576)
Proceeds from finance lease liability	-		-
Repayment of finance lease liability	-		-
Net cash flows from financing activities	(96 144)	(76 576)	(76 576)
Net increase / (decrease) in net cash and cash equivalents	(65 941 206)	(52 581 466)	(52 581 466)
Net cash and cash equivalents at beginning of period	54 292 602	106 874 068	106 874 068
Net cash and cash equivalents at end of period	9 (11 648 604)	54 292 602	54 292 602

AMAJUBA DISTRICT MUNICIPALITY

DRAFT ANNUAL FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2011

ACCOUNTING POLICIES

1. Presentation of Group Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003). These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The principal accounting policies adopted in the preparation of these Annual Financial Statements are set out below. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements in conformity with GRAP, management is required to make judgements, estimates and assumptions that affect the amounts represented in the Annual 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 Annual Financial Statements. These estimates and underlying assumptions are reviewed on an on-going basis. Significant judgements include:

Held to maturity investments and loans and receivables

The Municipality assesses its loans and receivables (including trade receivables) and its held to maturity investments 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.

Available-for-sale financial assets

The Municipality follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

AMAJUBA DISTRICT MUNICIPALITY

DRAFT ANNUAL FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2011

ACCOUNTING POLICIES

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Municipality is the current bid price. The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The Municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the economic entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and 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 fair value assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and 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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. 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 goodwill and tangible assets are inherently uncertain and could materially change over time.

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 XX - Provisions. Provisions are measured at the Accounting Officers best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

A provision is recognised when:

- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;and
- a reliable estimate can be made of the amount of the obligation

Contingent liabilities

Contingencies disclosed in the current year required estimates and judgements. Additional disclosure of contingent liabilities are included in note XX.

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. The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note XX.

1.4 Property, plant and equipment

AMAJUBA DISTRICT MUNICIPALITY

DRAFT ANNUAL FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2011

ACCOUNTING POLICIES

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.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated, owing to the uncertainty regarding their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite life. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Item Average useful life

Land indefinite

Buildings 30 years

Infrastructure

Roads and Paving 30 years

Pedestrian Malls 30 years

Electricity 40 - 85 years

Water Infrastructure 100 years

Sewerage Infrastructure 100 years

Housing 30 years

Landfill Site 16 - 36 years

Community

Buildings 30 years

AMAJUBA DISTRICT MUNICIPALITY

DRAFT ANNUAL FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2011

ACCOUNTING POLICIES

Recreational Facilities 20 - 30 years
Security 5 years
Other property, plant and equipment
Buildings 30 years
Other vehicles 5 years
Furniture and fittings 7 - 10 years
Watercraft 15 years
Office Equipment 3 - 7 years
Specialist plant and equipment 10 - 15 years
Other items of Plant and equipment 2 - 5 years
Bins and containers 5 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. The depreciation charge for each period is recognised in surplus or deficit.

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 de-recognition 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 de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Assets which the economic entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the statement of changes in net assets.

1.5 Intangible assets

An asset is identified as an intangible asset when it:
is capable of being separated or divided from an entity 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 economic entity 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.
- An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Item Useful life

Additional capacity rights 10 years

AMAJUBA DISTRICT MUNICIPALITY

DRAFT ANNUAL FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2011

ACCOUNTING POLICIES

Servitudes indefinite

Computer software, internally generated 3 years

Computer software 2 - 8 years

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Investments in Municipal Entities

Uthukela Water(Pty) Ltd annual financial statements

In the municipality's separate group annual financial statements, investments in municipal entities are carried at cost less any accumulated impairment.

The cost of an investment in a controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

An investment in an associate is carried at fair value and classified as fair value through surplus or deficit. An associate is an entity over which the Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/(deficits) less any dividends received. Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred. When Uthukela Water (Pty)Ltd share of losses exceeds its interest in an equity accounted investee, the carrying amount of the interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Uthukela Water (Pty)Ltd has an obligation or has made payments on behalf of the investee. Where the Municipality is no longer able to exercise significant influence over the associate the equity method of accounting is discontinued. The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investment

1.6 Financial instruments

Non-derivative financial assets

The municipality initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the municipality becomes a party to the contractual provisions of the instrument. The municipality derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the municipality is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

AMAJUBA DISTRICT MUNICIPALITY

DRAFT ANNUAL FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2011

ACCOUNTING POLICIES

The municipality classifies its non-derivative financial assets into the following categories:

- Held-to-maturity financial assets; and
- Loans and receivables.

Held-to-maturity financial assets

If the municipality has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to

initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the municipality from classifying investment securities as held to maturity for the current and the following two financial years. Held-to-maturity financial assets comprise various investments with several financial institutions and these have been presented under "Other financial assets".

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise loans to municipal entities, housing scheme loans, trade and other receivables, consumer debtors and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the municipality on terms that the municipality would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the municipality, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables and held-to-maturity investments

The municipality considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investments are assessed for specific impairment.

AMAJUBA DISTRICT MUNICIPALITY

DRAFT ANNUAL FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2011

ACCOUNTING POLICIES

All individually significant loans and receivables and held-to-maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investments that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investments with similar risk characteristics. In assessing collective impairment the municipality uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investments. Interest on the impaired asset continues to be recognised. When a subsequent event(e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Non-derivative financial liabilities

The municipality initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the municipality becomes a party to the contractual provisions of the instrument. The municipality derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The municipality classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, trade and other payables and consumer deposits. Bank overdrafts that are repayable on demand and form an integral part of the municipality's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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 incidental to ownership.

Finance leases - lessor

The economic entity 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 economic entity's net investment in the finance lease.

Finance leases - lessee

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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. 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 return on the remaining balance of the liability. Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in the statement of financial performance.

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.

1.8 Impairment of cash-generating assets

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the consolidated statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset fair value less cost of disposal and its value in use. The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount. The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal. A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods. After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

1.9 Impairment of non-cash-generating assets

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

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ACCOUNTING POLICIES

The Municipality has various maintenance and upgrading programmes to ensure continuous uphold and sustained use of these non-cash generating assets.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the economic entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.11 Provisions and contingencies

Provisions are recognised when:

- the economic entity 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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ACCOUNTING POLICIES

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits. If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity is committed to the sale or transfer, that is, there is a binding agreement. After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

1.12 Revenue from exchange transactions

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

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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 economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity 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 economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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 economic entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and

AMAJUBA DISTRICT MUNICIPALITY

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ACCOUNTING POLICIES

- 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.

1.13 Investment income

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

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the economic entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred. The capitalisation of borrowing costs commences when all the following conditions have been met:
 - expenditures for the asset have been incurred;
 - borrowing costs have been incurred; and
 - activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.12 and 1.13. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy. Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. When the economic entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Comparative figures

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

1.16 Unauthorised expenditure

Unauthorised expenditure means:

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

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ACCOUNTING POLICIES

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. 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.

1.17 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.

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008): Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.19 Presentation of currency

These Annual Financial Statements are presented in South African Rand.

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ACCOUNTING POLICIES

1.20 Offsetting

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

1.21 Conditional grants and receipts

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.

1.22 Deferred Expense

A *deferred expense* is a cost that has already been incurred, almost always through the receipt of a supplier invoice, but sometimes through a prepayment, for which the paying entity should not yet record an expense because it has not yet consumed the related goods or services. You defer the recognition of an expense by initially recording it as an asset, so that it appears on the balance sheet. In a later period, when you have consumed the underlying goods or services, you shift the amount in the asset account over to an expense account.

2. STATEMENT AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these Annual Financial Statements, the following Standards and Interpretations were in issue but not yet effective:

- GRAP 21 - Impairment of non-Cash-Generating Assets
- GRAP 23 - Revenue from non-Exchange Transactions (Taxes and Transfers)
- GRAP 26 - Impairment of Cash-Generating Assets
- GRAP 104 - Financial Instruments

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

	2011 R	2010 R
1 LONG-TERM LIABILITIES		
Capitalised Lease Liability	17 161	113 305
Sub-Total	17 161	113 305
Less: Current Portion Transferred to Current Liabilities	(17 161)	(96 144)
Annuity Loans	-	-
Capitalised Lease Liability	17 161	(96 144)
Total External Loans	-	17 161

Refer Appendix A for more detail on long-term liabilities.

2 FINANCIAL LEASE EXPENDITURE

	VECHICLES	VECHICLES (CURRENT PAYMENTS)
2010/2011		
Not later than one year	17 161	113 305
Later than 1 year and not later than 5 years		
Later than five years		
Total lease commitments	17 161	113 305
LESS: finance costs	17 161	96 144
Total present value of lease liabilities	-	17 161

	VECHICLES	VECHICLES (CURRENT PAYMENTS)
2009/2011		
Not later than one year	-	113 305
Later than 1 year and not later than 5 years	17 161	
Later than five years		
Total lease commitments	17 161	113 305
LESS: finance costs	17 161	96 144
Total present value of lease liabilities	-	17 161

3 CURRENT PROVISIONS

Leave pay provision is calculated on all outstanding leave balances as at 30 June 2011. This is the amount that the employees would be entitled to receive should the employees resign or cease employment with the municipality on 30 June 2011

Staff Leave	569 538	832 186
Performance Bonuses	642 157	605 350
Total Current Provisions	1 211 695	1 437 536

3.1 LEGAL PROCEEDINGS PROVISION

No disputes was reported at June 30, 2011 but it is probable that

there can be an outflow of economic benefit as a result of disputes against unpaid creditors, no value could be established at year-end and therefore no provision has been raised in accordance with the GRAP standard on provisions and contingent liabilities.

4 CREDITORS

Trade Creditors	29 764 408	26 936 788
Other Creditors	1 449 199	220 409
Retentions	9 350 283	7 817 113
Total Creditors	40 563 890	34 974 311

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from Government	19 282 286	25 192 652
National Grants	6 839 098	8 343 833
Provincial Grants and Subsidies	12 443 188	16 848 818
Other Conditional Receipts	3 116 000	-
Total Conditional Grants and Subsidies	22 398 286	25 192 652
Unspent Conditional Grants	22 398 286	25 192 652

Refer to Appendix G and Appendix H for a reconciliation of Conditional Grants and Receipts from National and Provincial Government and Other Donations and Public Contributions.

6 VAT

Vat Receivable	3 927 227	7 842 808
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AMAJUBA DISTRICT MUNICIPALITY
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	2011 R	2010 R
VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS.	-	-
7 INVESTMENTS		
<u>Listed</u>		
ADM had no listed investments at the reporting date.		
<u>Unlisted</u>		
Shares in Uthukela Water(PTY) LTD	-	-
<u>Financial Instruments</u>		
Fixed Deposits - Long-Term	-	10 731 347
Total Financial Instruments	-	10 731 347
<u>Call Investment Deposits</u>		
Other Deposits - Short-Term	1 398 256	53 206 880
Call Account Deposits	-	-
Total Call Investment Deposits	1 398 256	53 206 880
Total Investments	1 398 256	63 938 227
Average rate of return on investments	6%	7%
Allocation of External Investments		
Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-		
Surplus Cash	1 401 262	54 289 625
Total	1 401 262	54 289 625
8 OTHER DEBTORS		
Staff Debtors	357 033	850 252
Auditor General -Debtor(Duplicated Payment)	301 730	-
Tender Deposit Refundable	800	-
Total Other Debtors	659 562	850 252
9 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on Hand	3 006	3006
Bank/Cashbook Balances	-	1 082 716
Bank Overdraft	(13 049 866)	-
Call Deposit -ABSA Bank	1 284 101	53 206 880
Call Deposit -STD Bank	114 156	-
	(11 648 604)	54 292 602
Current Assets	1 401 262	54 292 602
Current Liabilities	(13 049 866)	-
Net Cash and Cash Equivalents	(11 648 604)	54 292 602
The Municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
Account Number: 40-5347-2593		
ABSA Bank		
Scott Street		
Newcastle		
Cashbook balance at the beginning of the year	1 082 716	13 499 644
Cashbook balance at the end of the year	(13 049 866)	1 082 716
Bank statement balance at the beginning of the year	2 152 704	15 747 452
Bank statement balance at the end of the year	(12 369 217)	2 152 704
10 GOVERNMENT GRANTS AND SUBSIDIES		
<u>Government Grants</u>		
Equitable Share	38 243 000	29 712 000
Equitable Share Levy Replacement Grant	40 087 974	33 898 823
DWAF	9 734 700	3 128 300
MIG	31 382 000	29 001 900
MSIG	750 000	735 000

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

	2011 R	2010 R
FMG Grant	1 000 000	750 000
Public Works Grant	411 000	
Total Government Grants	121 608 674	97 226 023
Provincial Subsidies		
Subsidy	3 976 397	1 022 694
Provincial Grant (Cogta)	3 540 000	2 654 000
Total Provincial Subsidies	7 516 397	3 676 694
and Allocated as Income	129 125 071	100 902 717
Transferred from Conditional Grant	(106 726 786)	(75 710 065)
	(106 726 786)	(75 710 065)
on the Statement of Financial Performance	22 398 285	25 192 652

Equitable Share

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

Other Grants and Subsidies

All other funds received in the income account were reimbursements for expenditure incurred and no balances were carried forward. All conditions were met and no funds were withheld.

National/Provincial Government Grant & Other Funding (Expenditure Reimbursement)

Conditional Grants and subsidies are received to the Conditional Grant Creditor accounts and all non-capital expenditure is expensed through the income and expenditure account. Once all conditions are met operating and capital expenditure financed from Conditional Grants and Subsidies is re-imbursed by a transfer from the Conditional Grant Creditor account to the operating account as revenue.

Refer Note 5, Appendix G and Appendix H for more detail on the Conditional Grant and Subsidy balances and transaction movements for 2010/11.

Conditions on the funding were complied with and no funds were withheld.

11 SUNDRY INCOME

Hall Deposits	127 120	59 059
Insurance Recoveries	-	-
Telephone Refunds	157 909	189 811
Tender Deposits	30 878	36 528
Skills Development Refund	8 847	145 549
Transfer from Accumulated Surplus	-	-
Other Income	56 786	-
Total Other Income	381 540	430 947

11.1 Transfer from Accumulated Surplus	56 494 934	40 537 093
	56 494 934	40 537 093

12 GENERAL EXPENSES - OTHER

WSP Contribution -Uthukela W Promotions;	14 524 433	26 215 996
Mayors Discretionary Fund;	783 737	1 468 709
Mayors Projects;	278 641	2 114 822
Arts & Culture;	-	13 937 237
Marketing & Corporate Image;	2 357 664	1 858 501
Professional & Legal Costs;	1 155 467	1 112 605
Sports & Recreation;	2 754 288	1 173 050
HIV/AIDS Plan Implementation	3 485 521	7 840 168
Youth;	1 510 943	1 146 190
2010 FIFA WORLD CUP;	758 936	1 155 524
Audit Fees-External;	641 679	3 226 235
Budget & IDP Roadshows;	1 402 565	1 054 670
Emergency Water Supplies;	6 902 825	1 535 341
LED Manufacturing Strategic	3 449	1 509 223
LED Agricultural Strategic S	2 003 489	2 081 805
PROJECT INITIATION FUND;	1 385 745	1 617 892
Disaster Relief Intervention	1 569 138	1 759 155
Pauper Burials;	1 113 810	2 886 439
Community Project-Education;	1 692 374	-
Community Project-Health;	7 786 490	-
Community Project-Functions;	1 840 169	-
Community Project-Sporting Activities	8 505 396	-
Community Project-Farming Activities	3 610 332	-
	13 541 600	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
Kwanaloga Games;	6 449 247	-
ADM Tourism Signage Developm	1 191 340	
Led-Infrastructure;	1 130 854	
LED Project Support;	1 008 017	
Water Projects -Technical;	10 879 534	
MIG/DWAF Operating Projects	34 516 016	
Other	21 253 272	19 100 313
Total General Expenses - Other	156 036 969	89 907 435

All categories exceeding R1 000 000 are stated separately.
 Detail Trial Balance

13 EMPLOYEE RELATED COSTS

Salaries and Wages	27 280 817	24 725 357
Social Contributions	7 359 557	5 488 522
Total Employee related costs	34 640 373	30 213 879

Remuneration of the Municipal Manager

Basic Salary & Other	-	297 978
Performance Bonus	-	133 675
Total	-	431 653

(Note: The above amounts are for the period 01 July 2010 to 30 June 2010. No bonus was paid and no provision has been made for bonus payable.)

Remuneration of the Chief Financial Officer

Annual Remuneration		573 706
Performance Bonus		102 732
Total	-	676 438

(Note: The above amounts are for the period 01 July 2010 to 30 June 2011. No bonus was paid and no provision has been made for bonus payable.)

Remuneration of the Director of Acting Chief Financial Officer

Annual Remuneration	-	-
Performance Bonus	-	-
Acting Allowance	60 000	
Total	60 000	-

Remuneration of the Director of Corporate Services

Annual Remuneration	658 827	600 908
Performance Bonus	97 844	92 236
Acting Allowance(1 June 2010 to September 2010)	92 881	
Total	849 551	693 144

(Note: No bonus was paid but a provision of R 97,844 was made for the 2010/11 financial year.)

Remuneration of the Director of Engineering Services

Annual Remuneration	658 827	557 940
Performance Bonus	97 844	92 236
Total	756 670	650 175

(Note: No bonus was paid but a provision of R 97,844 was made for the 2010/11 financial year.)

Remuneration of the Director of Development Planning

Annual Remuneration	658 827	515 089
Performance Bonus	97 844	92 236
Total	756 670	607 325

(Note: No bonus was paid but a provision of R 97,844 was made for the 2010/11 financial year.)

Remuneration of the Director of Community Services

Annual Remuneration	658 827	509 267
Performance Bonus	97 844	92 236
Acting Allowance(01 October 2010 - May 2011)	178 538	
Total	935 208	601 502

(Note: No bonus was paid but a provision of R 97,844 was made for the 2010/11 financial year.)

14 REMUNERATION OF COUNCILLORS AND BOARD MEMBERS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
Mayor's Allowance	434 417	388 559
Deputy Mayor's Allowance	64 745	-
Speaker's Allowances	280 892	367 031
Executive Committee Allowances	1 000 037	794 017
Councillors' Allowances	2 105 726	1 365 278
Sitting Allowances	-	92 771
Total Councillors' and Board Members Remuneration	3 885 817	3 007 657

15 EMPLOYEE RELATED COSTS

Salaries & Allowances	27 280 817	24 725 357
Overtime	1 449 237	901 760
Medical Aid Contributions	1 068 720	877 851
Pension Fund Contributions	2 242 042	1 733 833
Bonuses	2 188 969	1 558 821
Travel Allowance	1 248	-
Housing Allowance	128 045	131 230
Group Life Contributions	143 545	171 144
UIF Contributions	127 756	109 446
Bargaining Council	4 293	3 465
Telephone Allowance	5 702	972
Total Employee Related Costs	34 640 373	30 213 879

16 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

Contributions to SALGA

Opening Balance	-	-
Council Subscriptions	183 468	183 731
Amount Paid - Current Year	(183 468)	(183 731)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-

Audit Fees

Opening Balance	-	-
Over Provision Written Back	-	-
Current Year Audit Fee	1 402 565	1 377 102
Amount Paid - Current Year	(1 402 565)	(1 377 102)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-

Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Payroll Deductions and Council Contributions	3 310 762	2 611 684
Amount Paid - Current Year	(3 310 762)	(2 611 684)
Amount Paid - Previous Years	-	-
Balance Unpaid	0	-

17 CAPITAL COMMITMENTS

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

Commitments in respect of capital expenditure:

Approved and Contracted for

- Approved and contracted -Bulk Water(DWAF)	-	-
- Approved and contracted for-Sportsfield Infrastructure	5 226 000	4 680 000
- Approved and contracted for-Additional Office Space	-	7 000 000
- Approved but not yet contracted -Tousong Service centre	-	-
- Approved and contracted for	64 082 000	28 569 095
- Approved but not yet contracted for	14 017 894	18 995 905
Total Commitments	83 325 894	59 245 000

This expenditure will be financed from:

- Own Funding -Operating income	7 232 894	23 300 000
- Government Grants	72 967 000	35 945 000
- Other	3 126 000	-

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

2011	2010
R	R
83 325 894	59 245 000
83 325 894	59 245 000

All commitments are in respect of Property, Plant and Equipment.

18 RETIREMENT BENEFITS INFORMATION

DEFINED CONTRIBUTION PLAN

All municipal councillors and employees belong to The Natal Joint Municipal Pension Fund (Superannuation) and The Natal Joint Pension Fund (Retirement) or provident fund which are administered by the board of trustees.

These schemes cannot be broken down per municipality, as they are considered to be multi-employer schemes and hence are treated as defined contribution schemes by the municipality.

Municipal employees are also members of the Government Employee Municipal Provident Fund or Pension Fund. All contributions have been included in the employee related cost note. Government Employees pension fund and Certain councillors have opted to join the Municipal Councillor's Pension Fund.

All retirement contributions paid by the Municipality are expended as required in terms of IAS 19(AC116)

19 INVESTMENT IN ASSOCIATE

The municipality has a 33% shareholding in uThukela Water Pty Ltd Joint Venture which was established in 2004. The Municipality never disclosed investment amount because there were no up to date annual financial for Uthukela Water Pty Ltd at the previous reporting date. Uthukela Water Pty Ltd has now prepared up to date annual financial statements which has made it possible to disclose the restated investment amount using equity method prescribed in GRAP 8 shown below.

Amajuba District Municipality holds 33% of the issued share capital in		
Opening balance of carrying value	795 644 376	808 331 460
Share of retained profit on the equity method for the period	-20 526 959	-12 687 084
Closing balance of carrying value	775 117 417	795 644 376
Investment carrying value is made up as follows:		
33% of issued shares (33 000 shares at R0,01 each)	330	330
33% of retained portion of uThukela Water profit	775 117 087	795 644 046
	775 117 417	795 644 376
Market value and Council's valuation of this investment	775 117 417	795 644 376
Market value and Council's valuation of this investment		
Summary of uThukela Water (Pty)Ltd Financial Information:	30/06/2011	30/06/2010
Equity	(2 348 839 659)	(2 411 042 564)
Liabilities	(242 236 437)	(224 752 164)
Total Equity and Liabilities	(2 591 076 096)	(2 635 794 728)
Total Assets	2 591 076 096	2 635 794 827

The Financial Statements of Uthukela Water (Pty)Ltd are prepared for the accounting period 01 July 2010 to 30 June 2011

No loans were made to or received from the associate.

No shares were sold during the period.

20 RELATED PARTY TRANSACTIONS

	Relationship	Amount	
Name of party			
Uthukela Water(Operating Expenditure)	Shared control entity	25 512 693	26 215 996
Water and Sanitation Income		(10 988 260)	(6 143 035)
Net/Shortfall		14 524 433	20 072 961

The Municipality is not involved in the provision of Water Services and therefore not appropriate to record any resultant revenue as these amounts will be reflected in the accounts of Uthukela Water. Refer to: Accounting Policy 1.6 Investment in Municipal entities

21 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of irregular expenditure		
Opening balance	20 946 188	16 145 472
Add: Irregular Expenditure-Current Year	41 898 218	4 800 716

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

	2011	2010
	R	R
Less: Amounts condoned		-
Current Expenditure	62 844 405.89	20 946 188
Irregular expenditure awaiting condonement		
Analysis		20 946 188
Current	41 898 218	4 800 716
Prior years	20 946 188	16 145 472
	62 844 406	20 946 188

21.1 UNAUTHORISED EXPENDITURE

At the time of completion the annual financial statements, there appears to be unauthorised expenditure.

Description (Budget vs Actual)

	BUDGET	ACTUAL	VARIANCE
Marketing & Corporate Image;	1 000 000	1 155 467	(155 467.00)
Community Project-Education;	3 000 000	7 786 490	(4 786 490.00)
Community Project-Health;	1 000 000	1 840 169	(840 169.00)
Community Project-Functions;	5 000 000	8 505 396	(3 505 396.00)
Community Project-Sporting A	3 000 000	3 610 332	(610 332.00)
Community Project-Farming Ac	4 000 000	13 541 600	(9 541 600.00)
Professional & Legal Costs;	650 000	1 511 952	(861 952.00)
Security;	1 050 000	1 199 268	(149 268.00)
Sports & Recreation;	3 000 000	3 485 521	(485 521.00)
Gender & Children;	1 500 000	2 112 352	(612 352.00)
Arts & Culture;	800 000	2 357 664	(1 557 664.00)
Kwanaloga Games;	3 000 000	6 449 247	(3 449 247.00)
LED Manufacturing Strategic	1 500 000	2 003 489	(503 489.00)
Budget & IDP Roadshows;	500 000	3 325 624	(2 825 624.00)
Water Tanker Services	4 000 000	7 258 676	(3 258 676.00)
Other -General Expenditure -Detailed TB Available	118 165 507	134 914 685	(16 749 177.96)
Other Expenditure			
	151 165 507	201 057 932	-49 892 425

Budget votes which have a significant impact resulting in irregular expenditure has been disclosed ,For all other related expenditure exceeding the budget a detailed trial balance is available for the perusal of the Auditor General.

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

	2011 R	2010 R
22 EVENTS AFTER THE REPORTING DATE		
At the time of preparing and submitting the Annual Financial Statements there were some subsequent events to disclose.		
1. Irregularities with Travel Allowances-Travel/Car Allowances given to staff that did not qualify in terms of the Travel Policy The matter is still reported as under investigation at time of submission of Financial Statements		
2.Special Allowances/Scarce Skills Allowances This has been resolved -staff receiving these special allowances have been terminated as at 31 October 2011		
3.Irregularities in Supply Chain Management Policy-Kwanaloga Games -Suspension of Employees The matter is still reported as under investigation at time of submission of Financial Statements.An official from the Financial Services Department has been put on suspension from the 14 November 2011 pending the outcome of the investigation and disciplinary process.An Official from Community Services is currently on leave and action will be taken when he commences work on the 24 November 2011 The Municipality is also in the process of reporting the matter to the SAPS in terms of the Prevention and Combating of Corrupt Activities Act 12 of 2004		
4.Outstanding Creditor Amounting to R35,111,667.80 was reported at year end, R29,764,408 was accounted for under Creditors Accruals and were paid after year-end.R3,732,130.59 was not included in the list of Accrued payments reason being ,that the Municipality is Investigating the authenticity of such payments as some payments appears to be fictitious payments, most payments are related to tertiary deposits and donations.A record of such payments are available at our		
5.Uthukela Water (Pty)Ltd -Fraud Investigation The matter is still reported as under investigation at time of submission of Financial Statements.Disciplinary action has been taken against 3 officials in the Financial Department.The disciplinary hearing commenced on the 28 October 2011 and is still pending		

23 CONTINGENT LIABILITY

Litigations can arise against the municipality relating to a dispute with a suppliers. The municipality's lawyers and

management are negotiating with the suppliers and some of the matters have been resolved.At year-end no rand value for litigations could be established

Claims for Damages

There were no claims for damages identified at year end.

	_____	_____
	-	-
	=====	=====

Incident	Disciplinary steps/criminal proceedings
	Payroll Fraud was detected during September 2010 .Disciplinary process against the Payroll Officer was instituted but was still in the process of been finalized at year-end.

24 GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

24.1 RISK MANAGEMENT IN ASSESSING GOING CONCERN

The Municipality risks to liquidity arises mainly due to funding liquidity risks, i.e. the risk that the municipality will not be able to meet payment obligations due to insufficient funds being available.The municipality's financial department function is to ensure the Municipality meets its liability obligations when they fall due.The Municipality manages both the short-term and long term cash requirements ,with surplus funds from operations of the Municipality invested short term using liquid money market instruments from the financial institutions , mainly banks

The Municipality ensures that all short term borrowing facilities utilised within the 2010/2011 financial year are paid up before the end of the financial year as in line with regulations of the Municipal Financial Management Act.(MFMA),even though the short term borrowing was not settled at 30 June 2011,The Municipality requested the Bank to grant the Municipality an extended period of 7 days after year -end to settle the short-term borrowing.The short -term borrowing was settled on the 7th July 2011.

The Municipality has prepared a financial recovery plan which addresses the Going Concern Risk,The Accounting Officer has reviewed the municipality's cash-flow forecast for the year to 30 June 2012 and in the light of this review and current financial position , he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the next 12 months.The Municipality has a guaranteed revenue source for the next three financial years and improvements are been made to generate sufficient amounts of Revenue to continue as a going concern.

25 OPERATING/FINANCIAL LEASES

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

No later than 1 year
 Later than 1 year and no later than 5 years
 Later than 5 years

	_____	_____
	-	-
	=====	=====

26 CASH GENERATED BY OPERATIONS

Net Surplus/(Loss) for the year	(10 336 300)	(0)
Adjustment for:		
Proceeds on Disposal of Assets	(184 633)	-
Correction of Depreciation over charged last year		-
Writing of Consumer Deposit		(13 839)

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

	2011	2010
	R	R
Cllr Backpay Debtor		6 676
Revaluation of Zero Rate Assets		2 228 264
Interest Paid	(5 578)	(13 782)
Vat Debtor Raised		10 678 377
Investment Income	(1 849 253)	7 484 307
Depreciation and Amortisation	4 420 664	3 909 902
Contributions from Reserves - Current	(51 640 698)	(37 149 042)
Operating Surplus Before Working Capital Changes:	(59 595 798)	(12 869 137)
Increase/(Decrease) in Other Debtors	332 617	(5 436 745)
Increase in Taxation		-
Increase in Unspent Conditional Grants & Receipts	2 794 366	(21 583 518)
Increase/(Decrease) in Creditors	(5 261 347)	6 780 603
Increase/(Decrease) in VAT	(5 101 072)	(7 428 296)
Working Capital Changes	(7 235 437)	(27 667 956)
Cash Generated from Operations	(66 831 234)	(40 537 093)

27 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	(13 049 866)	1 082 716
Petty Cash	2 806	2 806
Cashiers Deposit	200	200
Call investment deposits	1 398 256	53 206 880
Total Cash and Cash Equivalents	(11 648 604)	54 292 602

28 INVESTMENTS

ACCOUNT NUMBER

ABSA - 32 Days Notice	90-7431-6117	1 284 101	1 238 946
Absa	91-1663-8293		411 397
Absa	20-6784-2386		24 309 635
Standard	068448309-001		7 615 943
Standard	068448309-002	114 156	109 317
Nedbank	03/7165008195/000001-17		
Nedbank	03/7165008195/000001		19 521 643
First National Bank	74231918051	-	-
		1 398 256	53 206 880

28.1 INVESTMENTS(INTEREST)

ACCOUNT NUMBER

ABSA - 32 Days Notice	90-7431-6117	45 455
Absa	91-1663-8293	16 140
Absa	20-6784-2386	410 221
Standard	068448309-001	327 254
Standard	068448309-002	4 839
Nedbank	03/7165008195/000001-17	-
Nedbank	03/7165008195/000001	421 864
First National Bank	74231918051	-
ABSA Bank Account	40053472593	550 586
Investec	TR22903	-
Absa -20-7142-4108	20-7142-4108	8 015
Other		64 879
		1 849 253

30 DEFERRED EXPENSE:LIABILITY

Kawnaloga Games 2011-Accommodation secured **2 007 139.50**

HALLELUYA ENTERTAINMENT	2011 KWANALOGA GAMES ACCOMODATION	580 964.00
CENTRAL ROUTE MEDIA TR	2011 KWANALOGA GAMES ACCOMODATION	950 795.00
LINDINHLANHLA BUSINESS	2011 KWANALOGA GAMES ACCOMODATION	475 380.50
		2 007 139.50

31 During the current financial year Amajuba District Municipality fully adopted the GRAP Accounting Standards resulting in changes to disclosure/renaming of balance sheet line items.

The change was done to align the Municipality's Annual Financial Statements to GRAP Standards and restatement and correction of prior years mistatements and errors.

Statement of changes in net assets

Accumulated surplus

Previously Stated Balance as at 30 June 2010

Adjustments

	2011	2010
	RESTATED	
	BALANCE	
	62 019 497	55 591 238

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

	2011 R	2010 R
INCA Loan		
a write back of INCA Loan, This amount should not have been recognised in the books of the municipality because the right and obligations of the INCA loan was transferred to Uthukela Water (PTY)Ltd		(10 682 318)
The Statement of net assets reflects a write back of Investec Investment, This amount should not have been recognised in the books of the municipality because the right and obligations of the INCA loan was transferred to Uthukela Water (PTY)Ltd. Investec Investment was reflected as Long		10 731 347
Investec Investment(Primossory Note)		-
Fraud Recovery-Uthukela Water(Pty)Ltd		6 428 258.00
Increase in Other Creditors-Grant Income -Uthukela Water (Pty)		
Other Appropriations		-49 027
Cancelled Cheques -Relating to 2009 and Correction of Bank Reconciliation items		
31.1 Closing accumulated surplus 2010 /Opening Accumulated Surplus 2011	0	-
	<u><u>62 019 497</u></u>	<u><u>62 019 497</u></u>
Restatement of Creditors-Trade and other payables from exchange transactions (Accruals). Payments were included in Creditors Accruals as still outstanding at year-end even though it was paid at year -end		
Other Creditors		34 974 311
Decrease by R6,428,258 & R49027	28 497 026	
	<u><u>28 546 053</u></u>	<u><u>34 974 311</u></u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

29 PROPERTY, PLANT & EQUIPMENT

OWNED ASSETS:

Reconciliation of Carrying Value 30 June 2011	Land and Buildings	Infrastructure	Community	Other Assets	Intangible Assets	Total
	R	R	R	R		R
Carrying values at beginning of the year	-	0	2 237 892	51 718 236	318 222	54 274 350
Cost	-	0	2 279 222	60 881 700	1 154 889	64 315 811
Accumulated depreciation	-	0	(41 330)	(9 163 464)	(836 667)	(10 041 461)
Accumulated depreciation on asset fair valued						
Acquisitions	-	0	2 034 199	13 617 596	0	15 651 795
Assets fair valued		0			0	0
Capital under construction	-	0			0	0
Depreciation		0	(76 108)	(4 418 554)	(105 978)	(4 600 640)
Accumulated depreciation on asset fully depreciated		0				0
Carrying value of disposals	-	-	-	(200 075)		(200 075)
Cost	-	0		(380 051)		(380 051)
Accumulated depreciation	-	0		179 976		179 976
Carrying value at end of the year	0	0	4 195 983	60 717 203	212 244	65 125 430
Cost	0	0	4 313 421	74 119 245	1 154 889	79 587 555
Accumulated depreciation	-	-	-117 438	-13 402 042	-942 645	-14 462 125

Reconciliation of Carrying Value 30 June 2010	Land and Buildings	Infrastructure	Community	Other Assets	Intangible Assets	Total
	R	R	R	R		R
Carrying values at beginning of the year		0	385 438	35 097 285		35 958 070
Cost	0	0	413 010	40 692 161	984 457	42 089 628
Accumulated depreciation	-	0	(27 572)	(5 594 876)	(509 110)	(6 131 558)
Acquisitions	0	-	1 866 212	20 189 539	170 432	22 226 183
Capital under construction						0
Depreciation		0	(13 758)	(3 568 588)	(327 557)	(3 909 903)
Carrying value of disposals	-	-	-	-		-
Cost			0	0		0
Accumulated depreciation			0	0		0
Carrying value at end of the year	-	-	2 237 892	51 718 236	318 222	54 274 350
Cost	-	-	2 279 222	60 881 700	1 154 889	64 315 811
Accumulated depreciation – cost	-	0	(41 330)	(9 163 464)	(836 667)	(10 041 461)

FINANCE LEASE ASSETS:

29.1

Reconciliation of Carrying Value	2011		2010	
Carrying values at beginning of the year		0		0
Cost	0		0	
Accumulated depreciation	0		0	
Depreciation		0		0
Carrying value at end of the year	-	-	-	-
Cost	-		-	
Accumulated depreciation	0		0	
The above office equipment is pledged as security for deemed finance leases.				
Total property, plant and equipment		65 125 430		54 274 350

**AMAJUBA DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2011**

EXTERNAL LOANS						
Issued	Loan No.	Redeemable	Balance at 30/06/2010 R	Received during R	Redeemed/ written off R	Balance at 30/06/2011 R
<u>Financial Leases :</u>						
2010 @ 10.0%	71836458	30/06/2011	113 305	-	-	113 305
		Jul-10	113 305		7 748	105 556
		Aug-10	105 556		7 800	97 756
		Sep-10	97 756		7 852	89 904
		Oct-10	89 904		7 883	82 022
		Nov-10	82 022		7 935	74 087
		Dec-10	74 087		7 971	66 115
		Jan-11	66 115		8 024	58 091
		Feb-11	58 091		8 078	50 014
		Mar-11	50 014		8 132	41 882
		Apr-11	41 882		8 186	33 696
		May-11	33 696		8 240	25 456
		Jun-11	25 456		8 295	17 161
Total Financial Leases			113 305	-	96 144	17 161
Total External Loans			113 305	-	96 144	17 161

AMAJUBA DISTRICT MUNICIPALITY

APPENDIX B (i)

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost					Accumulated Depreciation				Carrying value
	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Work in Progress	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance	
	R	R	R	R		R				
INFRASTRUCTURE ASSETS										
Sewerage										
Water & Sanitation(General) - Water Tanks	-	-	-	-	-	-	-	-	-	-
Water										
Reticulation		146 022			146 022		4 331		4 331	141 691
Treatment works		146 022			146 022		4 331		4 331	141691
Total Infrastructure		146 022			146 022	0	4 331	0	4 331	141 691
COMMUNITY ASSETS										
Buildings										
Buildings	2 279 222	2 034 199			4 313 421	41 329	76 108		117 437	4 195 984
Clinics & Hospitals					0				-	0
Libraries					0				-	0
Recreational Facilities										
Recreational Facilities	12 338 270				12 338 270		616 491		616 491	11 721 779.0
	12 338 270				12 338 270		616 491		616 491	11 721 779.0
Total Community Assets	14 617 492	2 034 199	0	0	16 651 691	41 329	692 599	-	733 928	15 917 763
OTHER ASSETS										
Buildings	33 250 251	7 873 244			41 123 495	3 050 055	1 108 302		4 158 357	36 965 138
Office Equipment	3 590 951	759 630			4 350 581	1 326 920	719 968		2 046 888	2 303 693
Office Furniture	2 026 378	174 293			2 200 671	852 495	240 690		1 093 185	1 107 486
Emergency Equipment	9 151	156			9 307	87	611		698	8 609
Motor Vehicles	5 855 630	268 421	-355 731		5 768 320	2 618 494	848 080	-166 308	3 300 266	2 468 054
Plant & Equipment	3 811 068	4 395 830	-24 320		8 182 578	1 315 410	880 081	-13 668	2 181 823	6 000 755
Total Other Assets	48 543 429	13 471 574	-380 051	-	61 634 952	9 163 461	3 797 732	-179 976	12 781 217	48 853 735
INTANGIBLE ASSETS										
Computer Software	1 154 888				1 154 888	836 667	105 978		942 645	212 243
Total Intangible Assets	1 154 888	-	-	-	1 154 888	836 667	105 978	-	942 645	212 243

AMAJUBA DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2011

Fixed Assets	Historical Cost				Accumulated Depreciation				
Description	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance	Carrying value
Executive and Council	735 182	22 870		758 052	328 138	104 444		432 582	325 470
Municipal Manager	828 797	6 020 911		6 849 708	379 058	129 781		508 839	6 340 869
Corporate Services	16 151 260	555 709		16 706 969	2 619 937	638 104		3 258 041	13 448 928
Community Services	37 408 885	3 902 520	-248 105	41 063 300	2 861 776	2 108 511	-79 848	4 890 439	36 172 861
Financial Services	2 401 651	363 082		2 764 733	1 367 658	302 219		1 669 877	1 094 856
Engineering Services	4 225 742	4 441 644	-131 946	8 535 440	1 414 881	873 213	-100 128	2 187 966	6 347 474
Planning & Development Services	2 439 931	184 048		2 623 979	1 040 295	411 919		1 452 214	1 171 765
Disaster Management / Tousong	124 361	161 010		285 371	29 714	32 450		62 164	223 207
Revaluation of Assets	-			-				-	-
TOTALS	64 315 809	15 651 794	-380 051	79 587 552	10 041 457	4 600 641	-179 976	14 462 122	65 125 430

AMAJUBA DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
76 786 128	29 976 855	46 809 273	Executive Mayor & Council	83 216 420	19 195 966	64 020 454
-	24 717 501	(24 717 501)	Municipal Manager	-	44 143 789	(44 143 789)
335 360	9 289 164	(8 953 804)	Corporate Services	455 486	12 417 372	(11 961 886)
687 753	20 368 212	(19 680 458)	Social Services -Community Services	127 120	25 634 722	(25 507 602)
44 572 444	9 500 987	35 071 456	Financial Services	56 005 173	13 446 405	42 558 768
53 240 624	60 320 917	(7 080 292)	Technical Services	47 151 927	55 274 463	(8 122 536)
-	1 081 512	(1 081 512)	Social Services -Community Halls	-	914 921	(914 921)
1 742 664	17 086 846	(15 344 182)	Planning and Economic . Dev	3 765 508	24 538 573	(20 773 065)
1 003 822	6 026 801	(5 022 980)	Social Services -Health & Disaster	-	5 491 723	(5 491 723)
		-	Uthukela Water Pty Ltd			-
178 368 794	178 368 794	(0)	Sub-Total	190 721 633	201 057 933	(10 336 300)
178 368 794	178 368 794	(0)	TOTAL	190 721 633	201 057 933	(10 336 300)
-	-	-	Share of loss of associate accounted for under the equity method	-	-	-
178 368 794	178 368 794	(0)	TOTAL	190 721 633	201 057 933	(10 336 300)

AMAJUBA DISTRICT MUNICIPALITY
APPENDIX E
ANNUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

	Actual 2011	Budget 2011	Variance	Variance	Explanation Unauthorised of Significant Expenditure Variances greater than
	R	R	R	%	
Service Charges	-	8 704 725	8 704 725	100	8704725
Other Income	381 540	38 826 362	38 444 822	99	38444822
Government Grants- Equitable Share	38 243 000	38 243 000	-	0	0
Government Grants- Equitable Share -Levy					
Replacement Grant	40 088 000	40 088 000	-	0	0
Operating Government Grants & Subsidies	50 099 663	22 303 420	(27 796 242)	(125)	(27796242)
Donations & Public Contribution- PPE	-	-	-	0	0
Government Grants- PPE	3 380 610	-	(3 380 610)	0	(3380610)
Interest Earned - External Investments	1 849 253	3 000 000	1 150 747	38	1150747
Transfers from Accumulated Surplus	56 494 934		(56 494 934)	0	(56494934)
Profit/(Loss) on Disposal of Asset	184 633		(184 633)	0	(184633)
Total Revenue	190 721 633	151 165 507	(39 556 126)	(26)	(39 556 126)
EXPENDITURE					
Executive Mayor	19 195 966	35 215 478	16 019 512	45	16019512
Municipal Manager	44 143 789	26 455 784	(17 688 005)	(67)	(17688005)
Corporate Services	12 417 372	12 998 474	581 102	4	581102
Social Services -Community Services	25 634 722	21 640 011	(3 994 711)	(18)	(3994711)
Financial Services	13 446 405	10 089 711	(3 356 694)	(33)	(3356694)
Technical Services	55 274 463	8 974 726	(46 299 737)	(516)	(46299737)
Social Services -Community Halls	914 921	1 201 193	286 272	24	286272
Planning and Economic . Dev	24 538 573	21 719 924	(2 818 649)	(13)	(2818649)
Social Services -Health & Disaster	5 491 723	12 870 206	7 378 483	57	7378483
Total Expenditure	201 057 933	151 165 507	(49 892 426)	(33)	-49 892 426
	(10 336 300)	0	10 336 300	7	10 336 300
NET SURPLUS/(DEFICIT) FOR THE YEAR	(10 336 300)	0	(10 336 300)	7	10 336 300

AMAJUBA DISTRICT MUNICIPALITY
APPENDIX F
CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2011

	UNSPENT BALANCE 01/07/2010	CURRENT YEARS RECEIPTS	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2011
NATIONAL GOVERNMENT						
1. Municipal Infrastructure Grant	7 279 312	31 382 000	33 566 252	-	-	5 095 060
2. Municipal Systems Improvement Grant	(0)	750 000	750 000			-0
3. Financial Management Grant	-	1 000 000	1 000 000			-
4. Equitable Share	-	38 243 000	38 243 000			-
5. RSC Levies Replacement	-	40 087 974	40 087 974			-
6.DWAF Water Operating Subsidy	(0)					-0
7.Backlogs in Clinics & School	-					-
8.Disaster Relief Grant/Drought Relief Grant	1 064 522		1 064 521	-		1
9.Emandlangeni Bulk Water Supply	-	9 734 700	8 401 662	-	-	1 333 038
10.Department of Public Works Grant		411 000				411 000
	8 343 833	121 608 674	123 113 409	-	-	6 839 098
PROVINCIAL GOVERNMENT	-					-
1.2010 Base Camp and Academy(Monte Vista)	8 299 923		-	-		8 299 923
2.2010 Base Camp & Sports Academy-Purchase	3 892 635		-	3 380 610		512 025
3.Spatial Development	500 000		500 000			-
4.Development Administration	500 000		500 000			-
5.Shared Services -GIS	750 000		750 000			-
6.District Informations System -MIG Intergration	568 398		568 398			0
7.Water Conservation/Water Demand	37 148		37 148			-
8.Public Transport Grant	177 800		177 800			-
9.Inkululeko Yompakathi Trust	1 124		1 124			-
10.Amathungwa Trust Fund	32 873		32 873			-
11.MAP	97 607		97 607			-
12.TOURISM SIGNAGE	1 991 309		1 191 340			799 968
13.Massification Programme		1 978 000	-			1 978 000
14.Government Expert Grant		725 000	288 729			436 271
15.Inter-governmental Relations Grant		417 000				417 000
16.Department of Sports and Recreation Grant		420 000	420 000			-
						-
	16 848 817	3 540 000	4 565 019	3 380 610	-	12 443 188
DONATIONS AND PUBLIC CONTRIBUTIONS						
1. National Lottery Grant	-	3 116 000	-	-		3 116 000
2. Newcastle Airshow Refund	(0)	126 500	126 500			-0

AMAJUBA DISTRICT MUNICIPALITY
APPENDIX F
CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2011

	UNSPENT BALANCE 01/07/2010	CURRENT YEARS RECEIPTS	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2011
3.KZN Tourism	0	128 250	128 250			0
5.Gambling Board Subsidy	-	426 502	426 502			-
6.DBSA Feasibility Study Grant	-	179 145	179 145			-0
Donations & Public Contributions	0	3 976 397	860 397	-	-	3 116 000

25 192 651	129 125 071	128 538 826	3 380 610	-	22 398 286
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AMAJUBA DISTRICT MUNICIPALITY

APPENDIX G

DISCLOSURE OF CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2011

	EXECUTIVE MAYOR	CORPORATE SERVICES	COMMUNITY SERVICES	FINANCE	ENGINEERING SERVICES	PLANNING AND ECON. DEV	TOTAL
<u>TRANSFER TO REVENUE - OPERATING EXPENDITURE</u>							
NATIONAL GOVERNMENT							-
1. Municipal Infrastructure Grant	-		-	-	31 382 000	-	31 382 000
2. Municipal Systems Improvement Grant	-			750 000			750 000
3. Financial Management Grant	-			1 000 000			1 000 000
4. Equitable Share	38 243 000						38 243 000
5. RSC Levies Replacement	-			40 087 974			40 087 974
6. Emandlangeni Bulk Water Supply					9 734 700		9 734 700
7. Dept of Public Works					411 000		411 000
	38 243 000		-	41 837 974	41 527 700	-	121 608 674
PROVINCIAL GOVERNMENT							
1. Dept of Sports and Recreation Grant			-		420 000		420 000
2. Massification Grant					1 978 000	-	1 978 000
3. Intergovernmental Relations Grant		725 000					725 000
4. Government Expert Grant		417 000					417 000
5. Tourism KZn Grant						128 250	128 250
	-	1 142 000	-	-	2 398 000	128 250	3 668 250
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	38 243 000	1 142 000	-	41 837 974	43 925 700	128 250	125 276 924
DONATIONS AND PUBLIC CONTRIBUTIONS							
1. Newcastle Airshow Refund	-		-	-	-	126 500	126 500
2. Tourism Grant	-		-	-	-	-	-
3. National Loteery Grant Refund					3 116 000	-	3 116 000
4. DBSA Feasibility Study					179 145		179 145
5. Gambling Board Subsidy	426 502						426 502
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS	426 502	-	-	-	3 295 145	126 500	3 848 147
TOTAL CONDITIONAL GRANTS & RECEIPTS	38 669 502	1 142 000	-	41 837 974	47 220 845	254 750	129 125 071