

SENTRAAAL KAROO Distriksmunisipaliteit
District Municipality



Finansiële State
Financial Statements **2010/11**

CENTRAL KAROO DISTRICT MUNICIPALITY

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CENTRAL KAROO DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Central Karoo District Municipality is a District Municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Central Karoo District Municipality includes the following areas:

Beaufort West
Prince Albert
Laingsburg
DMA Murraysburg

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor
Deputy Executive Mayor
Executive Councillor

MUNICIPAL MANAGER

Mr. S Jooste

CHIEF FINANCIAL OFFICER

Mr. C J Kymdell

REGISTERED OFFICE

Private Bag X560
BEAUFORT WEST
6970

AUDITORS

Auditor-General of South Africa
Private Bag X1
Chempet
7442

PRINCIPLE BANKERS

First National Bank

ATTORNEYS

Van Niekerk Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

CENTRAL KAROO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2011

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 84, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

S Jooste
Municipal Manager

Date

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

| | Notes | 2011 R | 2010 R |
|---|-------|---------------------|-------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net Assets | | (13,150,926) | 30,851,294 |
| Housing Development Fund | 1 | - | 348,691 |
| Capital Replacement Reserve | 2 | - | - |
| Capitalisation Reserve | 2 | - | - |
| Government Grant Reserve | 2 | - | - |
| Donations and Public Contribution Reserve | 2 | - | - |
| Self Insurance Reserve | 2 | - | - |
| Change in accounting policy - Note 40.4 | 2 | - | - |
| Accumulated Surplus/(Deficit) | | (13,150,926) | 30,502,603 |
| Non-Current Liabilities | | 56,498,033 | 8,500,380 |
| Long-term Liabilities | 3 | 138,996 | 22,413 |
| Employee Benefits | 4 | 10,195,568 | 8,477,967 |
| Non-Current Provisions | 5 | - | - |
| Liabilities Associated within Assets Held for Sale | 42.1 | 46,163,469 | - |
| Current Liabilities | | 10,824,666 | 10,614,360 |
| Consumer Deposits | 6 | - | - |
| Provisions | 8 | - | 143,000 |
| Short Term Employee Benefits | 7 | 1,679,728 | 1,548,243 |
| Trade and other payables | 9 | 2,209,382 | 1,695,626 |
| Unspent Conditional Government Grants and Receipts | 10 | 6,851,178 | 6,892,263 |
| Unspent Conditional Public Contributions and Receipts | 11 | - | - |
| Taxes | 12 | - | 71,143 |
| Short-term Loans | 13 | - | - |
| Operating Lease Liability | | - | - |
| Cash and Cash Equivalents | 23 | - | 228,174 |
| Current Portion of Long-term Liabilities | 3 | 84,378 | 35,911 |
| Total Net Assets and Liabilities | | 54,171,773 | 49,966,034 |
| ASSETS | | | |
| Non-Current Assets | | 50,487,626 | 42,370,938 |
| Property, Plant and Equipment | 14 | 4,213,352 | 42,215,991 |
| Non-Current Assets Held for Sale | 15 | 46,163,469 | - |
| Investment Property | 16 | - | - |
| Intangible Assets | 17 | 110,804 | 154,947 |
| Investments | 18 | - | - |
| Long-Term Receivables | 19 | - | - |
| Current Assets | | 3,684,147 | 7,595,095 |
| Inventory | 20 | 864,523 | 988,017 |
| Trade Receivables from exchange transactions | 21 | - | 1,374,777 |
| Other Receivables from non-exchange transactions | 22 | 814,003 | 1,379,825 |
| Unpaid Conditional Government Grants and Receipts | 10 | 674,655 | 711,369 |
| Operating Lease Asset | | - | - |
| Taxes | 12 | 212,646 | - |
| Current Portion of Long-term Receivables | 19 | - | - |
| Cash and Cash Equivalents | 23 | 1,118,321 | 3,141,106 |
| Total Assets | | 54,171,772 | 49,966,033 |

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | 2011 R | 2010 R |
|--|-------|-------------------|-------------------|
| REVENUE | | | |
| Revenue from Non-exchange Transactions | | 28,669,603 | 28,300,054 |
| Taxation Revenue | | - | - |
| Property taxes | 24 | - | - |
| Change in accounting policy - Note 40.4 | | 28,588,594 | 28,300,054 |
| Government Grants and Subsidies | 25 | 28,553,594 | 28,300,054 |
| Public Contributions and Donations | 26 | - | - |
| Contributed Property, Plant and Equipment | 27 | 35,000 | - |
| Other Revenue | | 81,009 | - |
| Fines | | - | - |
| Third party payments | | - | - |
| Stock adjustments | | - | - |
| Actuarial Gains | 4 | 81,009 | - |
| Changes in Fair Value | 28.1 | - | - |
| Other | 29 | - | - |
| Revenue from Exchange Transactions | | 27,006,423 | 27,012,859 |
| Property Rates - penalties imposed and collection charges | | - | - |
| Service Charges | 30 | - | - |
| Water Services Authority Contribution | 31 | - | - |
| Rental of Facilities and Equipment | | 47,372 | 54,995 |
| Interest Earned - external investments | | 217,463 | 227,918 |
| Interest Earned - outstanding debtors | | - | - |
| Licences and Permits | | 12,610 | 12,260 |
| Income for Agency Services | | 25,469,094 | 25,379,788 |
| Other Income | 32 | 1,259,883 | 1,337,898 |
| Unamortised discount - Interest | 33 | - | - |
| Total Revenue | | 55,676,026 | 55,312,913 |
| EXPENDITURE | | | |
| Employee related costs | 34 | 9,289,545 | 7,755,227 |
| Remuneration of Councillors | 35 | 2,758,255 | 2,755,454 |
| Debt Impairment | 36 | 1,419,932 | 109,091 |
| Collection costs | | - | - |
| Depreciation and Amortisation | 40 | 555,488 | 20,934 |
| Impairments | 37 | - | - |
| Repairs and Maintenance | | 180,353 | 62,733 |
| Unamortised discount - Interest | 33 | - | - |
| Actuarial losses | 4 | 1,962,038 | - |
| Finance Charges | 38 | 788,539 | 780,675 |
| Bulk Purchases | 39 | - | - |
| Contracted services | | 763,399 | 538,565 |
| Grants and Subsidies Paid | | - | - |
| Other Operating Grant Expenditure | | - | - |
| General Expenses | 41 | 35,728,689 | 34,825,058 |
| Changes in Fair Value | 28.2 | - | - |
| Total Expenditure | | 53,446,238 | 46,847,737 |
| Operating Surplus for the Year | | 2,229,788 | 8,465,176 |
| Loss on disposal of Property, Plant and Equipment | | (954) | - |
| Gain on disposal of Property, Plant and Equipment | | - | - |
| Discontinued Operations | 42.3 | (1,752,749) | (541,542) |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | | 476,085 | 7,923,634 |
| Refer to Appendix E(1) for explanation of variances | | | |

CENTRAL KAROO DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | 2011 R | 2010 R |
|---|------------------|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | | 58,447,144 | 67,640,616 |
| Cash paid to suppliers and employees | | (53,536,604) | (52,218,255) |
| Cash generated/(absorbed) by operations | 45 | 4,910,541 | 15,422,361 |
| Interest Received | Fin.Perf. | 217,463 | 227,918 |
| Interest Paid | Fin.Perf. | (788,539) | (780,675) |
| Change in accounting policy - Note 40.4 | | 4,339,465 | 14,869,604 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | 14 | (8,325,582) | (8,973,102) |
| Proceeds on Disposal of Fixed Assets | | - | - |
| (Increase)/Decrease in Intangible Assets | 17 | (18,291) | (139,058) |
| (Increase)/Decrease in Long-term Receivables | | - | - |
| (Increase)/Decrease in Discontinued Operations Related to Assets Held for Sale | | 660,665 | - |
| (Increase)/Decrease in Non-current Investments | | - | - |
| Net Cash from Investing Activities | | (7,683,208) | (9,112,160) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| New loans raised/(repaid) | App. A | 165,050 | (72,291) |
| Increase/(Decrease) in Discontinued Operations Liabilities Associated within Assets Held for Sale | | 2,632,045 | - |
| Increase/(Decrease) in Consumer Deposits | 6 | - | (15,792) |
| Net Cash from Financing Activities | | 2,797,095 | (88,083) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| | | (546,649) | 5,669,360 |
| Cash and Cash Equivalents at the beginning of the year | | 2,912,932 | (2,756,428) |
| Cash and Cash Equivalents at the end of the year | 46 | 2,366,283 | 2,912,932 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| | | (546,649) | 5,669,360 |

CENTRAL KAROO DISTRICT MUNICIPALITY

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

| | Pre-GAMAP Reserves and Funds | Housing Development Fund | Capital Replacement Reserve | Donations and Public Contribution Reserve | Accumulated Surplus/ (Deficit) | Total |
|--|------------------------------------|--------------------------------|-----------------------------------|--|--------------------------------------|--------------|
| | R | R | R | R | R | R |
| Balance at 1 JULY 2009 | - | 348,691 | - | - | 22,579,299 | 22,927,990 |
| Correction of Error - Note 43.14 | | | | | (330) | - |
| Change in accounting policy - Note 40.4 | | | | | - | - |
| Change in accounting policy - Note 40.4 | | | | | - | - |
| Restated Balance | | 348,691 | | | 22,578,969 | 22,927,990 |
| Net Surplus/(Deficit) for the year | | | | | 7,923,634 | 7,923,634 |
| Correction of Error - Note 43.9 | | | | | - | - |
| Change in accounting policy - Note 40.4 | - | | | | - | - |
| Transfer to/from CRR | | | 212,953 | | (212,953) | - |
| Property, Plant and Equipment purchased | | | (212,953) | | 212,953 | - |
| Capital Grants used to purchase PPE | | | | | - | - |
| Transfer to Housing Development Fund | | | | | - | - |
| Asset Disposals | | | | | - | - |
| Offsetting of depreciation | | | | | - | - |
| Balance at 30 JUNE 2010 | - | 348,691 | - | - | 30,502,603 | 30,851,624 |
| Correction of error - Note 44.8 | - | - | - | - | - | - |
| Change in accounting policy - Note 40.4 | | | | | - | - |
| Restated balance | - | 348,691 | - | - | 30,502,603 | 30,851,624 |
| Net Surplus/(Deficit) for the year | | | | | 476,085 | 476,085 |
| Transfer to/from Discontinued Operations | | | | | (44,129,614) | (44,129,614) |
| Transfer to/from Capital Replacement Reserve | | | 127,304 | | (127,304) | - |
| Property, Plant and Equipment purchased | | | (127,304) | | 127,304 | - |
| Capital Grants used to purchase PPE | | | | | - | - |
| Donations and Public Contributions Reserve | | | | | - | - |
| Transfer to Housing Development Fund | | | | | - | - |
| Asset Disposals | | | | | - | - |
| Offsetting of depreciation | | | | | - | - |
| Balance at 30 JUNE 2011 | - | 348,691 | - | - | (13,150,926) | (12,801,905) |

CENTRAL KAROO DISTRICT MUNICIPALITY

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

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

| | |
|-----------------------------------|--|
| GRAP 5 | Borrowing Costs |
| GRAP 6 | Consolidated and Separate Financial Statements |
| GRAP 7 | Investments in Associates |
| GRAP 8 | Interests in Joint Ventures |
| GRAP 101 | Agriculture |
| GRAP 102 | Intangible assets |
| IGRAP 1 | Applying the probability test on initial recognition of exchange revenue |
| IPSAS 20 | Related Party Disclosure |
| IFRS 3 (AC140) | Business Combinations |
| IFRS 4 (AC141) | Insurance Contracts |
| IFRS 6 (AC143) | Exploration for and Evaluation of Mineral Resources |
| IAS 12 (AC102) | Income Taxes |
| IAS 19 (AC116) | Employee Benefits |
| SIC – 21 (AC421) | Income Taxes – Recovery of Revaluated Non-Depreciable Assets |
| SIC – 25 (AC425) | Income Taxes – Changes in the Tax Status on an Entity or its Shareholders |
| SIC – 29 (AC429) | Service Concessions Arrangements – Disclosures |
| IFRIC 2 (AC435) | Members' Shares in Co-operative Entities and Similar Instruments |
| IFRIC 4 (AC437) | Determining whether an Arrangement contains a Lease |
| IFRIC 9 (AC442) | Reassessment of Embedded Derivatives |
| IFRIC 12 (AC445) | Service Concession Arrangements |
| IFRIC 13 (AC446) | Customer Loyalty Programmes |
| IFRIC 14 (AC447) IAS19 | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

CENTRAL KAROO DISTRICT MUNICIPALITY

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

| | |
|-------------------------|---|
| IFRIC 15 (AC448) | Agreements for the Construction of Real Estate |
| IFRIC 16 (AC449) | Hedges in a Net Investment in a Foreign Operation |

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

| Standard | Description | Effective Date |
|--------------------|---|-----------------------|
| GRAP 1 (Revised) | Presentation of Financial Statements | 1 April 2011 |
| GRAP 2 (Revised) | Cash Flow Statements | 1 April 2011 |
| GRAP 3 (Revised) | Accounting Policies, Changes in Accounting Estimates and Errors | 1 April 2011 |
| GRAP 4 (Revised) | The Effects of changes in Foreign Exchange Rates | 1 April 2011 |
| GRAP 9 (Revised) | Revenue from Exchange Transactions | 1 April 2011 |
| GRAP 10 (Revised) | Financial Reporting in Hyperinflationary Economics | 1 April 2011 |
| GRAP 11 (Revised) | Construction Contracts | 1 April 2011 |
| GRAP 12 (Revised) | Inventories | 1 April 2011 |
| GRAP 13 (Revised) | Leases | 1 April 2011 |
| GRAP 14 (Revised) | Events after the reporting date | 1 April 2011 |
| GRAP 16 (Revised) | Investment Property | 1 April 2011 |
| GRAP 17 (Revised) | Property, Plant and Equipment | 1 April 2011 |
| GRAP 19 (Revised) | Provisions, Contingent Liabilities and Contingent Assets | 1 April 2011 |
| GRAP 21 | Impairment of non-cash-generating assets | 1 April 2012 |
| GRAP 23 | Revenue from Non-Exchange Transactions | 1 April 2012 |
| GRAP 26 | Impairment of cash-generating assets | 1 April 2012 |
| GRAP 100 (Revised) | Non-current Assets held for Sale and Discontinued Operations | 1 April 2011 |
| GRAP 104 | Financial Instruments | 1 April 2012 |

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

| Standard | Description | Effective Date |
|-----------------|--------------------|-----------------------|
| GRAP 25 | Employee Benefits | Unknown |

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

CENTRAL KAROO DISTRICT MUNICIPALITY

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

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

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

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

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards (Refer to correction of error note as transitions was not utilised in the prior year):

GRAP 12 – Inventories

GRAP 16 – Investment Property

GRAP 17 – Property, Plant and Equipment

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations

GRAP 102 – Intangible Assets

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

As noted below, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 11 to 14 have been disclosed in the financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

CENTRAL KAROO DISTRICT MUNICIPALITY

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

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

| Standard | Description | Effective Date |
|-------------------------|---|-----------------------|
| GRAP 6 (Revised) | Consolidated and Separate Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions. | Unknown |
| GRAP 7 (Revised) | Investments in Associate No significant impact is expected as the Municipality does not participate in such business transactions. | Unknown |
| GRAP 8 (Revised) | Interest in Joint Ventures No significant impact is expected as the Municipality does not participate in such business transactions. | Unknown |
| GRAP 18 | Segment Reporting Information to a large extent is already included in the notes to the annual financial statements. | Unknown |
| GRAP 24 | Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements. | 1 April 2012 |
| GRAP 103 | Heritage Assets No adjustments will necessary as the Municipality has no heritage assets. | 1 April 2012 |
| GRAP 105 | Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions. | Unknown |
| GRAP 106 | Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions. | Unknown |
| GRAP 107 | Mergers No significant impact is expected as the Municipality does not participate in such business transactions. | Unknown |

CENTRAL KAROO DISTRICT MUNICIPALITY

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

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.7. RESERVES

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.7.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.8. LEASES

1.8.1 Municipality as Lessee

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

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

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

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

1.8.2 Municipality as Lessor

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

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

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.11. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current

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

assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

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

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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

1.12. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore

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not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

(e) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

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(f) Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(g) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.13. BORROWING COSTS

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

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

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

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

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

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

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

1.14.2 Subsequent Measurement – Cost Model

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

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

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

| | Years | | Years |
|------------------------------|--------------|------------------------------------|--------------|
| <u>Infrastructure</u> | | <u>Other</u> | |
| Roads and Paving | 30-167 | Buildings | 30 |
| Pedestrian Malls | 30-167 | Specialist vehicles | 10 |
| Electricity | 20-167 | Other vehicles | 5 |
| Water | 15-167 | Office equipment | 3-7 |
| Sewerage | 15-167 | Furniture and fittings | 7-10 |
| Housing | 30 | Watercraft | 15 |
| | | Bins and containers | 5 |
| <u>Community</u> | | Specialised plant and Equipment | 10-15 |
| Buildings | 30 | Other plant and Equipment | 2-5 |
| Recreational Facilities | 20-30 | Landfill sites | 15 |
| Security | 5 | Quarries | 25 |
| Halls | 20-30 | | |
| Libraries | 20-30 | | |

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| | | | |
|------------------------------------|-------|---------------------|----|
| Parks and gardens | 15-20 | Emergency equipment | 10 |
| Other assets | 15-20 | Computer equipment | 3 |
| <u>Heritage assets</u> | | | |
| No depreciation | | | |
| <u>Finance lease assets</u> | | | |
| Office equipment | 3 | | |
| Other assets | 5 | | |

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.14.4 De-recognition

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

1.14.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that

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are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

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

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

| <u>Intangible Assets</u> | Years |
|---------------------------------|--------------|
| Computer Software | 3-5 |
| Computer Software Licenses | 5 |

1.15.4 De-recognition

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

1.15.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The

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Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

1.16.2 Subsequent Measurement – Fair Value Model

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

1.16.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

| <u>Investment Property</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings | 30 |

1.16.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.17. NON-CURRENT ASSETS HELD FOR SALE

1.17.1 Initial Recognition

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

1.17.2 Subsequent Measurement

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

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

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash

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flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of

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the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20. INVENTORIES

1.20.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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1.20.2 Subsequent Measurement

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

1.21.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.21.2 Subsequent Measurement

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

1.21.2.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment

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and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.3 Trade Payables and Borrowings

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

1.21.2.4 Cash and Cash Equivalents

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

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

1.21.3 De-recognition of Financial Instruments

1.21.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the

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municipality has transferred substantially all the risks and rewards of the asset, or
(b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.22. REVENUE

1.22.1 *Revenue from Non-Exchange Transactions*

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

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

CENTRAL KAROO DISTRICT MUNICIPALITY

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

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

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

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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

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

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2 Revenue from Exchange Transactions

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

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

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

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are

CENTRAL KAROO DISTRICT MUNICIPALITY

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

determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges from sewerage are based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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

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

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

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value

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

of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22.3 Grants, Transfers and Donations (Non-Exchange Revenue)

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

1.23. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24. UNAUTHORISED EXPENDITURE

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

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200),

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

the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.27. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of

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

their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

CENTRAL KAROO DISTRICT MUNICIPALITY

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

Revenue Recognition

Accounting Policy 1.19.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.19.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 R | 2010 R |
|--|------------------|-------------------------------|
| 1 HOUSING DEVELOPMENT FUND | | |
| Housing Development Fund | 348,691 | 348,691 |
| Unappropriated Surplus | 348,691 | 348,691 |
| Loans extinguished by Government on 1 April 1998 | - | - |
| Total Housing Development Fund Assets and Liabilities | 348,691 | 348,691 |
| Less: Transferred to Discontinued Operations - Note 42.1 | (348,691) | - |
| Total Housing Development Fund Assets and Liabilities | 0 | 348,691 |
| | | |
| 2 NET ASSET RESERVES | | |
| RESERVES | - | - |
| Capital Replacement Reserve | - | - |
| Capitalisation Reserve | - | - |
| Government Grant Reserve | - | - |
| Donations and Public Contribution Reserve | - | - |
| Self Insurance Reserve | - | - |
| Revaluation Reserve | - | - |
| Total Net Asset Reserve and Liabilities | - | - |
| | | |
| 3 LONG TERM LIABILITIES | | |
| Annuity Loans - At amortised cost | | |
| Local Registered Stock | | |
| Capitalised Lease Liability - At amortised cost | 223,374 | 58,324 |
| | 223,374 | 58,324 |
| Less: Current Portion transferred to Current Liabilities | (84,378) | (35,911) |
| Annuity Loans - At amortised cost | - | - |
| Local Registered Stock | - | - |
| Capitalised Lease Liability - At amortised cost | (84,378) | (35,911) |
| | 138,996 | 22,413 |
| Plus: Unamortised charges on loans | - | - |
| Balance 1 July | - | - |
| Adjustment for the period | - | - |
| Restatement of prior year comparatives Note 43 | - | - |
| Total Long-term Liabilities - At amortised cost using the effective interest rate method | 138,996 | 22,413 |
| | | |
| The obligations under finance leases are scheduled below: | | |
| | | Minimum lease payments |
| Amounts payable under finance leases: | | |
| Payable within one year | 84,860 | 36,139 |
| Payable within two to five years | 221,956 | 38,000 |
| Payable after five years | - | - |
| | 306,816 | 74,139 |
| Less: Future finance obligations | (83,442) | (15,815) |
| Present value of lease obligations | 223,374 | 58,324 |
| | | |
| Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. | | |
| Leases are secured by property, plant and equipment - Note 14 | | |

4

EMPLOYEE BENEFITS

Provision for Post Retirement Benefits
 Provision for Ex-Gratia Pension Benefits
 Provision for Long Service Awards

Total Non-current Provision Liabilities

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 62

Post Retirement Benefits

Balance 1 July
 Contribution for the year
 Expenditure for the year
 Actuarial Loss/(Gain)

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 7

Balance 30 June**Ex-Gratia Pensions**

Balance 1 July
 Contribution for the year
 Expenditure for the year
 Actuarial Loss/(Gain)

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 7

Balance 30 June**Long Service Awards**

Balance 1 July
 Contribution for the year
 Expenditure for the year
 Actuarial Loss/(Gain)

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 7

Balance 30 June**TOTAL EMPLOYEE BENEFITS**

Balance 1 July
 Contribution for the year
 Expenditure for the year
 Actuarial Loss/(Gain)

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 7

Balance 30 June

Less: Transferred to Discontinued Operations - Note 42.1

4.1

Provision for Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members
 Continuation members (e.g. Retirees, widows, orphans)

Total Members

| | 2011 R | 2010 R |
|---|-------------------|------------------|
| Provision for Post Retirement Benefits | 9,878,781 | 7,723,690 |
| Provision for Ex-Gratia Pension Benefits | 18,387 | 25,977 |
| Provision for Long Service Awards | 707,203 | 728,300 |
| Total Non-current Provision Liabilities | 10,604,371 | 8,477,967 |
| Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 62 | | |
| | 2011 R | 2010 R |
| Balance 1 July | 8,346,663 | 8,153,091 |
| Contribution for the year | 796,502 | 774,300 |
| Expenditure for the year | (622,973) | (580,728) |
| Actuarial Loss/(Gain) | 2,041,317 | - |
| Total provision 30 June | 10,561,509 | 8,346,663 |
| Less: Transfer of Current Portion to Current Provisions - Note 7 | (682,728) | (622,973) |
| Balance 30 June | 9,878,781 | 7,723,690 |
| | 2011 R | 2010 R |
| Balance 1 July | 25,977 | 23,934 |
| Contribution for the year | 2,217 | 2,043 |
| Expenditure for the year | - | - |
| Actuarial Loss/(Gain) | (9,807) | - |
| Total provision 30 June | 18,387 | 25,977 |
| Less: Transfer of Current Portion to Current Provisions - Note 7 | - | - |
| Balance 30 June | 18,387 | 25,977 |
| | 2011 R | 2010 R |
| Balance 1 July | 821,648 | 726,060 |
| Contribution for the year | 158,896 | 144,798 |
| Expenditure for the year | (93,348) | (49,210) |
| Actuarial Loss/(Gain) | (30,438) | - |
| Total provision 30 June | 856,758 | 821,648 |
| Less: Transfer of Current Portion to Current Provisions - Note 7 | (149,555) | (93,348) |
| Balance 30 June | 707,203 | 728,300 |
| | 2011 R | 2010 R |
| Balance 1 July | 9,194,288 | 8,903,085 |
| Contribution for the year | 957,615 | 921,141 |
| Expenditure for the year | (716,321) | (629,938) |
| Actuarial Loss/(Gain) | 2,001,072 | - |
| Total provision 30 June | 11,436,654 | 9,194,288 |
| Less: Transfer of Current Portion to Current Provisions - Note 7 | (832,283) | (716,321) |
| Balance 30 June | 10,604,371 | 8,477,967 |
| Less: Transferred to Discontinued Operations - Note 42.1 | (408,803) | |
| | 10,195,568 | 8,477,967 |
| | 2011 R | 2010 R |
| In-service (employee) members | 18 | 14 |
| Continuation members (e.g. Retirees, widows, orphans) | 28 | 28 |
| Total Members | 46 | 42 |

The unfunded liability in respect of past service has been estimated to be as follows:

| | 2011 R | 2010 R |
|------------------------|-------------------|------------------|
| In-service members | 1,759,688 | 850,000 |
| Continuation members | 8,801,821 | 7,496,663 |
| Total Liability | 10,561,509 | 8,346,663 |

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R152 542, whereas the Interest Cost for the next year is estimated to be R841 742.

Key actuarial assumptions used:

i) Rate of interest

| | 2011 % | 2010 % |
|---------------------------------|-----------|-----------|
| Discount rate | 8.23 | 8.85 |
| Health Care Cost Inflation Rate | 7.16 | 7.27 |
| Net Effective Discount Rate | 1.00 | 1.47 |

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 63 years.

The amounts recognised in the Statement of Financial Position are as follows:

| | 2011 R | 2010 R |
|---------------------------------------|-------------------|------------------|
| Present value of fund obligations | 10,561,509 | 8,346,663 |
| Fair value of plan assets | - | - |
| | 10,561,509 | 8,346,663 |
| Unrecognised past service cost | | |
| Unrecognised actuarial gains/(losses) | | |
| Present Value of unfunded obligations | 10,561,509 | 8,346,663 |
| Net liability/(asset) | 10,561,509 | 8,346,663 |

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

| | 2011 R | 2010 R |
|---|------------|-----------|
| Present value of fund obligation at the beginning of the year | 8,346,663 | 8,153,091 |
| Total expenses | 173,529 | 193,572 |
| Current service cost | 84,923 | 78,020 |
| Interest Cost | 711,579 | 696,280 |
| Benefits Paid | (622,973) | (580,728) |
| Actuarial (gains)/losses | 2,041,317 | - |
| Present value of fund obligation at the end of the year | 10,561,509 | 8,346,663 |

Sensitivity Analysis on the Accrued Liability

| Assumption | Change | In-Service | Continuation | Total | % Change |
|---------------------------|--------|------------|--------------|------------|----------|
| Central Assumptions | | 1,760,000 | 8,802,000 | 10,562,000 | |
| Health Care Inflation | 1% | 2,227,000 | 9,694,000 | 11,921,000 | 13% |
| | -1% | 1,400,000 | 8,032,000 | 9,432,000 | -11% |
| Post-Retirement Mortality | -1 yr | 1,818,000 | 9,182,000 | 11,000,000 | 4% |
| Average Retirement Age | -1 yr | 1,897,000 | 8,802,000 | 10,699,000 | 1% |
| Withdrawal Rate | -50% | 2,007,000 | 8,802,000 | 10,809,000 | 2% |

4.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 54 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R99 334, whereas the Interest Cost for the next year is estimated to be R60 689.

Key actuarial assumptions used:

i) Rate of interest

| | | |
|--|------|------|
| Discount rate | 7.75 | 9.10 |
| General Salary Inflation (long-term) | 6.22 | 6.58 |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 1.44 | 2.38 |

The amounts recognised in the Statement of Financial Position are as follows:

| | | |
|---------------------------------------|-----------------------|-----------------------|
| | 2011 R | 2010 R |
| Present value of fund obligations | 856,758 | 821,648 |
| Fair value of plan assets | - | - |
| | <u>856,758</u> | <u>821,648</u> |
| Unrecognised past service cost | - | - |
| Unrecognised actuarial gains/(losses) | - | - |
| Present value of unfunded obligations | 856,758 | 821,648 |
| Net liability/(asset) | <u>856,758</u> | <u>821,648</u> |

Reconciliation of present value of fund obligation:

| | | |
|---|----------------|----------------|
| | 2011 R | 2010 R |
| Present value of fund obligation at the beginning of the year | 821,648 | 726,060 |
| Total expenses | 65,548 | 95,588 |
| Current service cost | 88,272 | 80,909 |
| Vested past service cost | - | - |
| Interest Cost | 70,624 | 63,889 |
| Benefits Paid | (93,348) | (49,210) |
| Actuarial (gains)/losses | (30,438) | - |
| Present value of fund obligation at the end of the year | <u>856,758</u> | <u>821,648</u> |

Sensitivity Analysis on the Accrued Liability

| Assumption | Change | Liability | % Change |
|--------------------------|--------|-----------|----------|
| Central Assumptions | | 857,000 | |
| General Salary Inflation | +1% | 912,000 | 6% |
| | -1% | 807,000 | -6% |
| Average Retirement Age | -2 yrs | 761,000 | -11% |
| | +2 yrs | 905,000 | 6% |
| Withdrawal Rate | -50% | 993,000 | 16% |

4.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Benefits plans are defined benefit plans. As at year end, 6 employees were eligible for Ex-Gratia Benefits.

There is no Current-service Cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest Cost for the next year is estimated to be R1 583.

Key actuarial assumptions used:

i) Rate of interest

| | | |
|---------------------------------------|------|------|
| Discount rate | 8.61 | 8.54 |
| Pension Increase Rate (CPI Inflation) | 5.42 | 5.52 |

The amounts recognised in the Statement of Financial Position are as follows:

| | | |
|---------------------------------------|----------------------|----------------------|
| | 2011 R | 2010 R |
| Present value of fund obligations | - | - |
| Fair value of plan assets | - | - |
| | <u>-</u> | <u>-</u> |
| Unrecognised past service cost | - | - |
| Unrecognised actuarial gains/(losses) | - | - |
| Present value of unfunded obligations | 18,387 | 25,977 |
| Net liability/(asset) | <u>18,387</u> | <u>25,977</u> |

| | 2011 R | 2010 R |
|---|---------------|---------------|
| Reconciliation of present value of fund obligation: | | |
| Present value of fund obligation at the beginning of the year | 25,977 | 23,934 |
| Total expenses | 2,217 | 2,043 |
| Current service cost | - | - |
| Vested past service cost | - | - |
| Interest Cost | 2,217 | 2,043 |
| Benefits Paid | - | - |
| Acturial (gains)/losses | (9,807) | - |
| Present value of fund obligation at the end of the year | 18,387 | 25,977 |

Sensitivity Analysis on the Accrued Liability

| Assumption | Change | Liability | % Change |
|--------------------------|--------|-----------|----------|
| Central Assumptions | | 18,387 | |
| General Salary Inflation | +1% | 19,930 | 8% |
| | -1% | 16,997 | -8% |
| Average Retirement Age | -1 yrs | 18,890 | 3% |
| Withdrawal Rate | -50% | 19,339 | 5% |

| | 2011 R | 2010 R |
|---|-----------|-----------|
| 4.4 Provision for the rehabilitation of landfill-sites | | |
| Balance 1 July | 143,000 | 130,000 |
| Charged/(credited) to the income statement | (143,000) | (130,000) |
| Additional provisions | 14,300 | 13,000 |
| Contribution to provision - Change in Accounting Policy | | - |
| Reversal of provision overstated | | - |
| Transfer to current portion | (157,300) | (143,000) |
| Balance 30 June | - | - |

In terms of the licensing of the landfill refuse site, the municipality will incur rehabilitation costs of R157 300 to restore the sites at the end of their useful lives, estimated to be in 2015. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

| | 2011 R | 2010 R |
|-----------------------------|-----------|-----------|
| 4.5 Retirement funds | | |

The municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds assets from the fund administrator. The fund administrator confirmed that the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year. Refer to Contingent Liabilities - note 37

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100,3% (30 June 2009 - 103,3%).

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%). The financial statements of the fund have not been audited since June 2006 and the financial position of the fund is not available.

| | | | |
|---|--|------------------|------------------|
| 5 | NON-CURRENT PROVISIONS | 2011 | 2010 |
| | | R | R |
| | <u>Landfill Sites</u> | | |
| | Balance 1 July | 143,000 | 130,000 |
| | Contribution for the year | 14,300 | 13,000 |
| | Expenditure for the year | - | - |
| | Actuarial Loss/(Gain) | - | - |
| | Total provision 30 June | 157,300 | 143,000 |
| | Less: Transfer of Current Portion to Current Provisions - Note 8 | (157,300) | (143,000) |
| | Balance 30 June | - | - |
| | | 2011 | 2010 |
| | | R | R |
| | <u>TOTAL NON-CURRENT PROVISIONS</u> | | |
| | Balance 1 July | 143,000 | 130,000 |
| | Contribution for the year | 14,300 | 13,000 |
| | Expenditure for the year | - | - |
| | Actuarial Loss/(Gain) | - | - |
| | Total provision 30 June | 157,300 | 143,000 |
| | Less: Transfer of Current Portion to Current Provisions - Note 8 | (157,300) | (143,000) |
| | Balance 30 June | - | - |
| 6 | CONSUMER DEPOSITS | 2011 | 2010 |
| | | R | R |
| | Water | - | - |
| | Electricity | 0 | 0 |
| | Total Consumer Deposits | 0 | - |
| | The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts. | | |
| | | 2011 | 2010 |
| | | R | R |
| | Guarantees held in lieu of Water Deposits | - | - |
| 7 | SHORT TERM EMPLOYEE BENEFITS | 2011 | 2010 |
| | | R | R |
| | Performance Bonuses | 306,007 | 229,240 |
| | Staff Leave | 781,508 | 602,682 |
| | Current Portion of Short Term Employee Benefits | 832,283 | 716,321 |
| | Current Portion of Post Retirement Benefits - Note 4 | 682,728 | 622,973 |
| | Current Portion of Ex-Gratia Pension Provisions - Note 4 | - | - |
| | Current Portion of Long-Service Provisions - Note 4 | 149,555 | 93,348 |
| | Total Short Term Employee Benefits | 1,919,798 | 1,548,243 |
| | Less: Transferred to Discontinued Operations - Note 42.1 | (240,070) | - |
| | Total Short Term Employee Benefits | 1,679,728 | 1,548,243 |
| 8 | PROVISIONS | | |
| | Current Portion of Clearing of Alien Vegetation - Note 5 | - | - |
| | Current Portion of Rehabilitation of Landfill Sites - Note 5 | 157,300 | 143,000 |
| | Total Provisions | 157,300 | 143,000 |
| | Less: Transferred to Discontinued Operations - Note 42.1 | (157,300) | - |
| | Total Provisions | - | 143,000 |

The movement in current provisions are reconciled as follows:

Rehabilitation of Landfill Sites

| | 2011 R | 2010 R |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 143,000 | 130,000 |
| Transfer from non-current | - | - |
| Contribution to provision | 14,300 | 13,000 |
| Expenditure incurred | - | - |
| Balance at end of year | 157,300 | 143,000 |

Post Retirement Benefits

| | 2011 R | 2010 R |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 622,973 | 580,728 |
| Transfer from non-current | - | - |
| Contribution to provision | 59,755 | 42,245 |
| Expenditure incurred | - | - |
| Balance at end of year | 682,728 | 622,973 |

Ex-Gratia Pensions

| | 2011 R | 2010 R |
|------------------------------|-----------|-----------|
| Balance at beginning of year | - | - |
| Transfer from non-current | - | - |
| Contribution to provision | - | - |
| Expenditure incurred | - | - |
| Balance at end of year | - | - |

Long-service Awards

| | 2011 R | 2010 R |
|------------------------------|----------------|---------------|
| Balance at beginning of year | 93,348 | 49,210 |
| Transfer from non-current | - | - |
| Contribution to provision | - | - |
| Expenditure incurred | 56,207 | 44,138 |
| Balance at end of year | 149,555 | 93,348 |

Performance Bonuses

| | 2011 R | 2010 R |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 229,240 | 255,201 |
| Transfer from non-current | - | - |
| Contribution to provision | 306,978 | 138,462 |
| Expenditure incurred | (230,211) | (164,423) |
| Balance at end of year | 306,007 | 229,240 |

Staff Leave Reconciliation

| | 2011 R | 2010 R |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 602,682 | 577,937 |
| Transfer from Provision | (142,533) | (120,029) |
| Contribution during the year | 321,359 | 144,774 |
| Balance at end of year | 781,508 | 602,682 |

TOTAL - CURRENT PROVISIONS

| | 2011 R | 2010 R |
|------------------------------|------------------|------------------|
| Balance at beginning of year | 1,691,243 | 1,593,076 |
| Transfer from non-current | - | - |
| Transfer to Trade Payables | - | - |
| Contribution to provision | 702,392 | 338,481 |
| Expenditure incurred | (316,537) | (240,314) |
| Balance at end of year | 2,077,098 | 1,691,243 |

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to **Note 4** to the Financial Statements, Other Defined Benefit Plan Information

| | 2011 R | 2010 R |
|--|------------------|------------------|
| 9 TRADE AND OTHER PAYABLES | | |
| Trade Payables | 1,643,750 | 885,483 |
| Less: Correction of Error - Note 44.1 | - | - |
| Balance at 30 JUNE 2011 | 1,643,750 | 885,483 |
| Payments received in advance | 305,592 | 224,206 |
| Salary Control | 29,072 | 9,565 |
| Staff Leave Liability | - | - |
| Prince Albert Municipality | 0 | 5,098 |
| Workshop Auction | 68,627 | 205,868 |
| Fifa 2010 | 1,600 | 1,600 |
| Compensation Assurance | 0 | 76,058 |
| Retention Entsha Henra | 315,120 | 247,512 |
| Perfecto Builders | 49,259 | 28,112 |
| Retention Council Chambers | 3,539 | - |
| Karoo Vleisboere | 284 | - |
| Deposits: Other | 9,374 | 12,124 |
| Total Trade Payables | 2,426,216 | 1,695,626 |
| Less: Transferred to Discontinued Operations - 42.1 | (216,834) | - |
| Total Trade Payables | 2,209,382 | 1,695,626 |
| | | |
| | 2011 R | 2010 R |
| 10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | | |
| 10.1 Conditional Grants from other spheres of Government | | |
| Unspent Grants | 6,851,178 | 6,892,263 |
| National and Provincial Government Grants | 7,372,670 | 6,892,263 |
| Correction of error - Note | - | - |
| Restated balance 30 June 2011 | 7,372,670 | 6,892,263 |
| Less: Transferred to Discontinued Operations - 42.1 | (521,492) | - |
| | 6,851,178 | 6,892,263 |
| Less: Unpaid Grants | (674,655) | (711,369) |
| National Government Grants | (445,927) | (376,175) |
| Provincial Government Grants | (228,728) | (335,194) |
| Other Sources | 0 | 0 |
| Total Conditional Grants and Receipts | 6,176,522 | 6,180,894 |
| See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are not cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. | | |
| | 2011 R | 2010 R |
| 11 UNSPENT CONDITIONAL PUBLIC CONTRIBUTIONS AND RECEIPTS | | |
| Unspent augmentation fees from developers | - | - |
| | | |
| | 2011 R | 2010 R |
| 12 TAXES | | |
| VAT Payable | 140,665 | 502,445 |
| VAT Receivable | 212,646 | 431,302 |
| | (71,981) | 71,143 |
| Less: Transferred to Discontinued Operations - Note 42.1 | (140,665) | - |
| VAT Receivable | (212,646) | 71,143 |
| | | |
| | 2011 R | 2010 R |
| 13 SHORT-TERM LOANS | | |
| The Municipality has no short term loans. | | |
| | | |
| | 2011 R | 2010 R |
| 14 PROPERTY, PLANT AND EQUIPMENT | | |
| See attached sheet | | |
| | | |
| | 2011 R | 2010 R |
| 15 NON-CURRENT ASSETS HELD FOR SALE | | |
| Non-current assets held for sale at beginning of year - at book value | - | - |
| Additions for the year | 43,796,286 | - |
| | 43,796,286 | - |
| Non-current assets sold/written off during the year | - | - |
| Non-current assets held for sale at end of year - at book value | 43,796,286 | - |

| | 2011 R | 2010 R |
|---|-----------|-----------|
| 16 INVESTMENT PROPERTY | | |
| Net Carrying amount at 1 July | - | - |
| Cost | - | - |
| Accumulated Depreciation | - | - |
| Transfer to Property, Plant and Equipment - Note 14 | - | - |
| Cost | - | - |
| Accumulated Depreciation | - | - |
| Acquisitions | - | - |
| Depreciation for the year | - | - |
| Net Carrying amount at 30 June | - | - |
| Cost | - | - |
| Accumulated Depreciation | - | - |

None but if then the fair value of Investment Properties, as valued by the municipality's valuer, is estimated at:

Revenue to the amount of R XXX was earned from the Investment Properties, which is a return of XXX% on the fair value of the property.

| | 2011 R | 2010 R |
|--|-----------|-----------|
| 17 INTANGIBLE ASSETS | | |
| Net Carrying amount at 1 July | 154,947 | 35,439 |
| Change in Accounting Policy - Transfer from Property, Plant and Equipment | | |
| Cost | 340,359 | 205,291 |
| Accumulated Amortisation | (185,412) | -169,852 |
| Acquisitions | 18,291 | 139,058 |
| Amortisation | -62,434 | -43,886 |
| Disposals | (112,506) | - |
| Transferred to Other Assets | - | (3,990) |
| Amortisation transferred to Other Assets | 112,506 | 28,326 |
| Net Carrying amount at 30 June | 110,804 | 154,947 |
| Cost | 246,144 | 340,359 |
| Accumulated Amortisation | (135,340) | (185,412) |

| | 2011 R | 2010 R |
|------------------------------|-----------|-----------|
| 18 INVESTMENTS | | |
| Financial Instruments | | |
| Unlisted | | |
| Long term deposits | 0 | 0 |
| Total Investments | - | - |

The average interest rate was xx% (2009: xx%)

No investments have been pledged as security for any funding facilities of the council.

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

| | 2011 R | 2010 R |
|---|-----------|-----------|
| 19 LONG TERM RECEIVABLES | | |
| Staff Car Loans - At amortised cost | - | - |
| Less: Unamortised Discount on Loans | - | - |
| Balance 1 July | - | - |
| Adjustment for the period | - | - |
| Change in Accounting Policy - Note 43.2 | - | - |
| Less: Current portion transferred to current receivables | - | - |
| Staff Car Loans - At amortised cost | - | - |
| Less: Provision for Impairment of Long Term Receivables | - | - |
| Total Long Term Receivables | - | - |
| No Long term receivables | - | - |

20

INVENTORY

Consumable Stores - Stationery and materials - At cost
 Maintenance Materials - At cost
 Water - At purification cost
 Spare Parts - At cost

Total Inventory
Less: Transferred to Discontinued Operations - Note 42.2
Total Inventory

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

The total inventories expensed during the year.

Inventory issued
 Petrol, Diesel and Oil issued

Consumable stores materials written down due to losses as identified during the annual stores counts.

| 2011 R | 2010 R |
|----------------|----------------|
| 60,573 | 75,039 |
| 803,950 | 910,372 |
| 1,492 | 2,607 |
| 866,015 | 988,017 |
| (1,492) | - |
| 864,523 | 988,017 |

| 2009 R | 2008 R |
|------------------|------------------|
| 2,207,461 | 1,483,021 |
| 3,486,498 | 2,590,343 |
| 5,693,959 | 4,073,364 |

| 2011 R | 2010 R |
|-----------|-----------|
| - | - |

21

TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Water
 Electricity
 Housing Rentals
 Refuse
 Sewerage
 Other Arrears

Total: Trade receivables from exchange transactions (before provision)
Provision for Impairments

Total: Trade receivables from exchange transactions (after provision)

Less: Transferred to Discontinued Operations - Note 41.2

Water
 Electricity
 Housing Rentals
 Refuse
 Sewerage
 Other Arrears

Total: Trade receivables from exchange transactions (before provision)
Provision for Impairments

Total: Trade receivables from exchange transactions (after provision) Transferred to Discontinued Operations

Total: Trade receivables from exchange transactions (after provision)

The fair value of other receivables approximate their carrying value.

| 2011 R | 2010 R |
|-----------|-----------|
|-----------|-----------|

| | |
|---------|-----------|
| 28,423 | 880,688 |
| 233,514 | 489,547 |
| - | - |
| 681,849 | 1,523,018 |
| 213,222 | 1,063,505 |
| 62,697 | 181,692 |

| | |
|------------------|--------------------|
| 1,219,705 | 4,138,450 |
| (768,654) | (2,763,673) |

| | |
|----------------|------------------|
| 451,052 | 1,374,777 |
|----------------|------------------|

| | |
|-----------|-----------|
| (28,423) | (880,688) |
| (233,514) | (489,547) |
| - | - |

| | |
|-----------|-------------|
| (681,849) | (1,523,018) |
| (213,222) | (1,063,505) |
| (62,697) | (181,692) |

| | |
|--------------------|--------------------|
| (1,219,705) | (4,138,450) |
| 768,654 | 2,763,673 |

| | |
|------------------|--------------------|
| (451,052) | (1,374,777) |
|------------------|--------------------|

| | |
|---|---|
| - | - |
|---|---|

| 2011 R | 2010 R |
|-----------|-----------|
|-----------|-----------|

(Electricity): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

| | |
|---------|---------|
| 119,596 | 112,598 |
| 17,436 | 57,128 |
| 7,922 | 13,950 |
| 88,560 | 305,871 |

| | |
|----------------|----------------|
| 233,514 | 489,547 |
|----------------|----------------|

| 2011 R | 2010 R |
|-----------|-----------|
|-----------|-----------|

(Water): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

| | |
|--------|---------|
| 11,524 | 12,960 |
| 1,733 | 6,456 |
| 1,692 | 3,935 |
| 13,474 | 857,337 |

| | |
|---------------|----------------|
| 28,423 | 880,688 |
|---------------|----------------|

| 2011 R | 2010 R |
|-----------|-----------|
|-----------|-----------|

(Housing): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

| | |
|---|---|
| - | - |
| - | - |
| - | - |
| - | - |

| | |
|---|---|
| - | - |
|---|---|

| 2011 R | 2010 R |
|-----------|-----------|
|-----------|-----------|

(Refuse): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

| | |
|---------|-----------|
| 56,084 | 100,353 |
| 24,459 | 47,237 |
| 22,794 | 45,003 |
| 578,512 | 1,330,425 |

| | |
|----------------|------------------|
| 681,849 | 1,523,018 |
|----------------|------------------|

| | 2011 R | 2010 R |
|----------------------------------|----------------|------------------|
| <u>(Sewerage): Ageing</u> | | |
| Current (0 - 30 days) | 49,610 | 93,930 |
| 31 - 60 Days | 16,882 | 46,316 |
| 61 - 90 Days | 13,524 | 42,939 |
| + 90 Days | 133,206 | 880,320 |
| Total | 213,222 | 1,063,505 |

| | 2011 R | 2010 R |
|-------------------------------|---------------|----------------|
| <u>(Other): Ageing</u> | | |
| Current (0 - 30 days) | 1,001 | 2,199 |
| 31 - 60 Days | 491 | 1,128 |
| 61 - 90 Days | 453 | 730 |
| + 90 Days | 60,752 | 177,635 |
| Total | 62,697 | 181,692 |

| | 2011 R | 2010 R |
|-------------------------------|------------------|------------------|
| <u>(Total): Ageing</u> | | |
| Current (0 - 30 days) | 237,815 | 322,040 |
| 31 - 60 Days | 61,001 | 158,265 |
| 61 - 90 Days | 46,385 | 106,557 |
| + 90 Days | 874,504 | 3,551,588 |
| Total | 1,219,705 | 4,138,450 |

Summary of Debtors by Customer Classification

| | <u>Residential</u> | <u>Industrial/ Commercial</u> | <u>National and Provincial Government</u> |
|---|--------------------|-----------------------------------|---|
| 30 JUNE 2011 | | | |
| Current (0 - 30 days) | 113,938 | 25,105 | 98,772 |
| 31 - 60 Days | 43,576 | 4,815 | 12,610 |
| 61 - 90 Days | 39,026 | 4,700 | 2,659 |
| + 90 Days | 813,992 | 52,348 | 8,164 |
| Sub-total | 1,010,532 | 86,968 | 122,205 |
| Less: Provision for bad debts | (768,654) | - | - |
| Total debtors by customer classification | 241,879 | 86,968 | 122,205 |

Summary of Debtors by Customer Classification

| | <u>Residential</u> | <u>Industrial/ Commercial</u> | <u>National and Provincial Government</u> |
|---|--------------------|-----------------------------------|---|
| 30 JUNE 2010 | | | |
| Current (0 - 30 days) | 244,606 | 35,331 | 42,103 |
| 31 - 60 Days | 119,396 | 14,312 | 24,557 |
| 61 - 90 Days | 84,735 | 9,202 | 12,620 |
| + 90 Days | 3,477,752 | 20,389 | 53,447 |
| Sub-total | 3,926,489 | 79,234 | 132,727 |
| Less: Provision for bad debts | (2,763,673) | - | - |
| Total debtors by customer classification | 1,162,816 | 79,234 | 132,727 |

Reconciliation of Provision for Bad Debts

| | 2011 R | 2010 R |
|------------------------------|------------|-----------|
| Balance at beginning of year | 3,095,160 | 2,841,742 |
| Contribution to provision | 1,677,172 | 253,418 |
| Bad Debts (written off) | -3,847,254 | - |
| Balance at end of year | 925,078 | 3,095,160 |

The total amount of this provision is R3 095 160 and consist of:

| | 2011 R | 2010 R |
|--|------------------|------------------|
| Rates | 156,424 | 331,487 |
| Other Debtors | 768,654 | 2,763,673 |
| Total Provision for Bad Debts on Trade Receivables from exchange transactions | 925,078 | 3,095,160 |
| Less: Rates Provision Transferred to Discontinued Operations | (156,424) | - |
| Less: Rates Provision Transferred to Discontinued Operations | (768,654) | - |
| Total Provision for Bad Debts on Trade Receivables from exchange transactions | - | 3,095,160 |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

22 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | 2011 R | 2010 R |
|---|------------------|------------------|
| Taxes - Rates | 613,642 | 838,276 |
| Other Debtors | 1,023,462 | 873,036 |
| | 1,637,104 | 1,711,312 |
| Less: Provision for bad debts | (156,424) | (331,487) |
| Total Other Receivables from non-exchange transactions | 1,480,680 | 1,379,825 |
| Less: Transferred to Discontinued Operations - Note 42.2 | | |
| Taxes - Rates | (613,642) | - |
| Other Debtors | (209,460) | - |
| | (823,102) | - |
| Less: Provision for bad debts | 156,424 | - |
| Total Other Receivables from non-exchange transactions | (666,678) | - |
| Total Other Receivables from non-exchange transactions | 814,003 | - |

The fair value of other receivables approximate their carrying value.

(Rates): Ageing

| | 2011 R | 2010 R |
|-----------------------|----------------|----------------|
| Current (0 - 30 days) | 5,088 | 42,356 |
| 31 - 60 Days | 893 | 22,480 |
| 61 - 90 Days | 608 | 18,487 |
| + 90 Days | 607,053 | 754,953 |
| Total | 613,642 | 838,276 |

Summary of Debtors (Rates) by Customer Classification

| | Residential | Industrial/ Commercial | National and Provincial Government |
|---|------------------|---------------------------|--|
| 30 JUNE 2011 | | | |
| Current (0 - 30 days) | 5,088 | - | - |
| 31 - 60 Days | 893 | - | - |
| 61 - 90 Days | 608 | - | - |
| + 90 Days | 607,053 | 0 | - |
| Sub-total | 613,642 | 0 | - |
| Less: Provision for bad debts | (156,424) | - | - |
| Total debtors by customer classification | 457,218 | 0 | - |

Summary of Debtors (Rates) by Customer Classification

| | Residential | Industrial/ Commercial | National and Provincial Government |
|---|------------------|---------------------------|--|
| 30 JUNE 2010 | | | |
| Current (0 - 30 days) | 42,356 | - | - |
| 31 - 60 Days | 22,480 | - | - |
| 61 - 90 Days | 18,487 | - | - |
| + 90 Days | 754,953 | - | - |
| Sub-total | 838,276 | - | - |
| Less: Provision for bad debts | (331,487) | - | - |
| Total debtors by customer classification | 506,789 | - | - |

Reconciliation of Provision for Bad Debts

| | 2011 R | 2010 R |
|------------------------------|----------------|------------------|
| Balance at beginning of year | 3,095,160 | 2,841,742 |
| Contribution to provision | 1,677,172 | 253,418 |
| Bad Debts (written off) | (3,847,254) | - |
| Balance at end of year | 925,078 | 3,095,160 |

The total amount of this provision is **R925 078** and consist of:

| | 2011 R | 2010 R |
|---|----------------|------------------|
| Taxes | 156,424 | 331,487 |
| Other | 768,654 | 2,763,673 |
| Total Provision for Bad Debts on Trade Receivables from non-exchange transactions | 925,078 | 3,095,160 |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

23

CASH AND CASH EQUIVALENTS**Assets**

| | 2011 R | 2010 R |
|--|----------------|------------------|
| Call Investments Deposits - FirstRand Bank Limited - 100455-DC07A00030 | 195,932 | 3,134,476 |
| Primary Bank Account | 0 | 0 |
| Cash Floats | 6,630 | 6,630 |
| Total Cash and Cash Equivalents - Assets | 202,562 | 3,141,106 |
| Less: Transferred to Discontinued Operations - Note 42.2 | (5,330) | - |
| Total Cash and Cash Equivalents - Assets | 197,232 | 3,141,106 |

Liabilities

| | 2011 R | 2010 R |
|---|--------------------|------------------|
| Primary Bank Account | 2,163,722 | (228,174) |
| Total Cash and Cash Equivalents - Liabilities | 2,163,722 | (228,174) |
| Less: Transferred to Discontinued Operations - Note 42.2 | (1,242,632) | - |
| Total Cash and Cash Equivalents - Liabilities | 921,089 | (228,174) |

Call Investments Deposits to an amount of **R195 932** are held to fund the Unspent Conditional Grants (2010: **R3 134 476**). FirstRand Bank Limited - 100455-DC07A00030

The municipality has the following bank accounts:

Current Accounts

| | 2011 R | 2010 R |
|--|------------------|------------------|
| ABSA Bank - Beaufort West Branch - Account Number 1540 0000 14 (Cheque Account) and First National Bank - Beaufort West Branch - Account Number 6206 2151 429 (Cheque Account) | 2,170,352 | (221,544) |
| | 2,170,352 | (221,544) |

First National Bank - Beaufort West Branch - Account Number 6206 2151 429 (Cheque

| | 2011 R | 2010 R |
|--|-----------|-------------|
| Cash book balance at beginning of year | (221,544) | (2,799,519) |
| Cash book balance at end of year | 2,170,352 | (221,544) |

| | | |
|---|------------------|--------------------|
| Bank statement balance at beginning of year - First National Bank | 1,498,925 | (2,696,727) |
| Bank statement balance at beginning of year - ABSA | 225,552 | 96,073 |
| | 1,724,477 | (2,600,654) |

| | | |
|---|------------------|------------------|
| Bank statement balance at end of year - First National Bank | 2,652,921 | 1,498,925 |
| Bank statement balance at end of year - ABSA | 957,715 | 225,552 |
| | 3,610,636 | 1,724,477 |

PROPERTY RATES

Actual

| | 2011 R | 2010 R |
|---|--------------------|------------------|
| Rateable Land and Buildings | 7,194,298 | 7,454,796 |
| Residential Property | 598,682 | 1,393,656 |
| Commercial Property | 1,151 | 3,663 |
| Industrial Property | - | - |
| Public Benefits Organisations | - | - |
| Agricultural Purposes | 6,176,291 | 5,816,834 |
| State - National / Provincial Services | 194,667 | 197,816 |
| Municipal Property | 221,167 | 42,694 |
| Exceedings | 2,340 | 133 |
| Less: Rebates | (6,107,011) | (6,626,900) |
| Total Assessment Rates | 1,087,287 | 827,897 |
| Less: Transferred to Discontinued Operations - Note 42.3 | (1,087,287) | (827,897) |
| Total Assessment Rates | (0) | - |

Valuations - 1 JULY 2010

| | 2011 R | 2010 R |
|--|--------------------|--------------------|
| Rateable Land and Buildings | 615,192,412 | 611,212,830 |
| Residential Property | 51,369,425 | 60,214,085 |
| Commercial Property | - | 329,350 |
| Industrial Property | - | - |
| Public Benefits Organisations | 393,482 | - |
| Agricultural Purposes | 527,888,085 | 528,803,135 |
| State - National / Provincial Services | 16,638,250 | 17,983,250 |
| Municipal Property | 18,903,170 | 3,883,010 |
| Vacant Property | - | - |
| Less: Income Forgone | | |
| Total Assessment Rates | 615,192,412 | 611,212,830 |

Valuations on 1 JULY 2010: IN ANY FORMAT YOU CAN GIVE

| | Building Clause Valuation | Site Valuation | Exempt Land | Total Valuation |
|----------------------------------|---------------------------------|--------------------|--------------------|--------------------|
| Domestic | - | 51,369,425 | - | 51,369,425 |
| Accommodation | - | - | 122,946,190 | 122,946,190 |
| Commercial | - | - | - | - |
| Church | - | - | 4,427,040 | 4,427,040 |
| Light Industrial | - | - | - | - |
| Agricultural/Rural | - | 527,888,085 | - | 527,888,085 |
| State | - | 35,541,420 | - | 35,541,420 |
| PSI | - | 381,132 | - | 381,132 |
| POP | - | 12,350 | - | 12,350 |
| Total Property Valuations | - | 615,192,412 | 127,373,230 | 742,565,642 |

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

A rate in the rand for domestic properties of R 0.0117 was charged on site values and a rate in the rand of R 0.0117 for improvements. Business were charged at a rate in the rand of R 0.0117 on site values and a rate in the rand of R 0.0117 for improvements. Rural Area, PSI and POP were charged at a rate in the rand of R 0.002925 on site values.

Properties used for domestic purposes and consisting of both land and improvements are subject to a R 19,000 valuation reduction. There are also different rebates and phased in tariffs for different sectors of the community. Interest on arrear accounts is charged at bank rate plus one. 76.3% Rebate are given to Rural Areas.

Rates are levied monthly and payable by the 7th of the following month. Interest is levied at the prime rate plus 0% on outstanding monthly instalments.

| | 2011 R | 2010 R |
|--|--------------------|--------------------|
| 25 GOVERNMENT GRANTS AND SUBSIDIES | | |
| Equitable Share | 15,756,373 | 13,908,711 |
| Finance Management Grant | 1,000,000 | 750,000 |
| Municipal Systems Improvement Grant | 750,000 | 735,000 |
| Municipal Infrastructure Grant | 6,292,703 | 6,539,238 |
| Tourism ITDF | 0 | 248,804 |
| Tourism Plan | 0 | 20,099 |
| Tourism Biosfeer | 386,627 | 0 |
| Tourism Sustainability | 1,186 | 0 |
| Department Social Services | 0 | 1,946,351 |
| Department Health Global Fund | 656,751 | 1,215,212 |
| Department Health PHC | 80,582 | 76,250 |
| Department of the Premier | 0 | 0 |
| VAT | 481,285 | 89,232 |
| DBSA | 1,237,825 | 1,083,803 |
| ISRDP | 808,205 | 236,905 |
| Department local Government and Housing | 882,426 | 672,740 |
| Work for Water Project: DWAF | 2,467,101 | 2,788,881 |
| DWAF Masibambane Project | 0 | - |
| Total Government Grants and Subsidies | 30,801,063 | 30,311,226 |
| Less: Transferred to Discontinued Operations - Note 42.3 | (2,247,469) | (2,011,172) |
| Total Government Grants and Subsidies | 28,553,594 | 28,300,054 |
| The municipality does not expect any significant changes to the level of grants. Appendix F | | |
| | 2011 R | 2010 R |
| 26 PUBLIC CONTRIBUTIONS AND DONATIONS | | |
| Development Bank of South Africa | - | - |
| | - | - |
| | 2011 R | 2010 R |
| 27 CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT | | |
| Gestetner | 35,000 | - |
| Casidra | 944,997 | - |
| | 979,997 | - |
| Less: Transferred to Discontinued Operations - Note 42.3 | (944,997) | - |
| Total Contributed Property , Plant and Equipment | 35,000 | - |
| | 2011 R | 2010 R |
| 28 CHANGES IN FAIR VALUE | | |
| 28.1 Transactions that gives an increase in surplus | | |
| Fair value changes in Investment Properties | - | - |
| Unamortised discount - Interest | - | - |
| Total changes in fair value | - | - |
| | 2011 R | 2010 R |
| 28.2 Transactions that gives an decrease in surplus | | |
| Unamortised discount - Interest | - | - |
| Fair value changes in Investment Properties | - | - |
| Total changes in fair value | - | - |
| | 2011 R | 2010 R |
| 29 OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS | | |
| | | |

| | 2011 R | 2010 R |
|---|--------------------|--------------------|
| 30 SERVICE CHARGES | | |
| Electricity | 1,628,822 | 1,411,599 |
| Service Charges | 1,938,968 | 1,697,539 |
| <u>Less:</u> Rebates | (310,146) | (285,940) |
| Water | 175,116 | 185,083 |
| Service Charges | 620,118 | 583,228 |
| <u>Less:</u> Rebates | (445,001) | (398,145) |
| Refuse, Sewerage and Sanitation Charges | 1,074,575 | 1,068,472 |
| Service Charges | 1,339,605 | 1,280,272 |
| <u>Less:</u> Rebates | (265,030) | (211,800) |
| Other Service Charges - Swimming Bath | 4,954 | 3,173 |
| Total Service Charges | 2,883,468 | 2,668,327 |
| Less: Transferred to Discontinued Operations - Note 42.3 | (2,883,468) | (2,668,327) |
| Total Service Charges | - | - |
| | 2011 R | 2010 R |
| 31 WATER SERVICES AUTHORITY CONTRIBUTION | | |
| None | - | - |
| | 2011 R | 2010 R |
| 32 OTHER INCOME | | |
| Building Plan & Inspection F | 290 | 220 |
| Contributions Beaufort West Municipality | 0 | 44,176 |
| Contributions Prince Albert Municipality | 483,313 | 74,140 |
| District Council Levies | 62 | - |
| Sundry Income; | 65,536 | 32,320 |
| VAT Projects | 76,228 | - |
| Photostat and Faxes | 5,587 | 3,833 |
| Handlingfees | 0 | - |
| Cemetery Fees; | 555 | 425 |
| Commission | 16,537 | 16,005 |
| House Rent | 11,198 | 11,918 |
| Samples: Milk and Water | 46,922 | - |
| Milk Sales | 526,126 | 641,155 |
| Private Work | 0 | - |
| PMU Funds | 0 | 526,441 |
| Legal Fees | 280 | 260 |
| Transportaktes | 0 | - |
| Books | 1,265 | 1,084 |
| Lost Books | 110 | 66 |
| Sell of Sand and Gravel | 0 | 40 |
| Insurance Claims | 45,939 | 1,538 |
| Valuation Certificates | 140 | 105 |
| Retirement Benefits | 0 | - |
| Total Other Income | 1,280,089 | 1,353,726 |
| Less: Transferred to Discontinued Operations - Note 42.3 | (20,205) | (15,828) |
| Total Other Income | 1,259,883 | 1,337,898 |
| | 2011 R | 2010 R |
| 33 UNAMORTISED DISCOUNT - INTEREST | | |
| | - | - |
| | - | - |

EMPLOYEE RELATED COSTS

| | 2011 R | 2010 R |
|--|-------------------------|-------------------------|
| Employee Related Costs - Salaries and Wages | 8,327,949 | 6,945,509 |
| Employee Related Costs - Contributions for UIF, Pensions and Medical Aids | 2,115,550 | 1,754,971 |
| Travel, Motor Car, Accommodation, Subsistence and Other Allowances | 778,283 | 747,167 |
| Housing Benefits and Allowances | 84,191 | 80,806 |
| Overtime Payments | 297,395 | 163,963 |
| Bonuses | 848,338 | 649,371 |
| Leave Provision | 321,359 | 144,774 |
| Long Service Awards | 159,447 | 27,260 |
| Contribution to provision - Long Service Awards - Note 7 | 45,965 | 31,699 |
| Contribution to provision - Ex-gratia pensions - Note 7 | 0 | - |
| Contribution to provision - Post Retirement Medical - Note 7 | (589,091) | (502,708) |
| | <u>12,389,387</u> | <u>10,042,812</u> |
| Less: Transferred to Discontinued Operations - Note 42.3 | | |
| Employee Related Costs - Salaries and Wages | 2,128,634 | 1,615,232 |
| Employee Related Costs - Contributions for UIF, Pensions and Medical Aids | 429,435 | 331,557 |
| Travel, Motor Car, Accommodation, Subsistence and Other Allowances | 3,702 | - |
| Housing Benefits and Allowances | 23,388 | 13,981 |
| Overtime Payments | 290,556 | 159,421 |
| Bonuses | 156,944 | 138,180 |
| Leave Provision | 0 | - |
| Long Service Awards | 16,058 | 6,092 |
| Contribution to provision - Long Service Awards - Note | 26,600 | - |
| Contribution to provision - Ex-gratia pensions - Note | 24,525 | 23,122 |
| Contribution to provision - Post Retirement Medical - Note | 0 | - |
| Total Employee Related Costs Transferred to Discontinued Operations | <u>3,099,842</u> | <u>2,287,585</u> |
| Less: Employee Costs allocated elsewhere | | |
| Total Employee Related Costs | <u><u>9,289,545</u></u> | <u><u>7,755,227</u></u> |

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager**

| | 2011 R | 2010 R |
|---|-------------------------|-------------------------|
| Annual Remuneration | 864,424 | 809,462 |
| Traveling Allowance | 264,065 | 130,199 |
| Subsistence Allowance | - | 21,850 |
| Performance Bonus | 89,041 | 62,323 |
| Cell Phone Allowance | 14,400 | 14,400 |
| Contributions to UIF, Medical and Pension Funds | - | - |
| Total | <u><u>1,231,930</u></u> | <u><u>1,038,234</u></u> |

Remuneration of the Chief Finance Officer

| | 2011 R | 2010 R |
|---|-------------------------|-----------------------|
| Annual Remuneration | 769,338 | 720,421 |
| Traveling Allowance | 148,790 | 138,503 |
| Subsistence Allowance | - | 31,010 |
| Performance Bonus | 79,246 | 49,858 |
| Cell Phone Allowance | 3,600 | 3,600 |
| Long Service Bonus | 59,018 | - |
| Leave Payments | 27,401 | - |
| Contributions to UIF, Medical and Pension Funds | - | - |
| Total | <u><u>1,087,393</u></u> | <u><u>943,392</u></u> |

Remuneration of Director : Technical Services

| | 2011 R | 2010 R |
|---------------------------------------|-----------------------|-----------------------|
| Annual Remuneration | 691,541 | 647,571 |
| Traveling Allowance | 153,243 | 159,560 |
| Subsistence Allowance | - | 9,700 |
| Performance Bonus | 59,281 | 49,858 |
| Cell Phone Allowance | - | 3,600 |
| Longservice Bonus | 7,020 | 67,495 |
| Contributions - UIF, Medical, Pension | - | - |
| Total | <u><u>911,085</u></u> | <u><u>937,784</u></u> |

Remuneration of Director : Corporate and Support Services

| | 2011 R | 2010 R |
|---------------------------------------|-----------------------|-----------------------|
| Annual Remuneration | 734,763 | 688,045 |
| Traveling Allowance | 65,786 | 32,595 |
| Subsistence Allowance | - | 9,450 |
| Performance Bonus | 61,924 | 52,974 |
| Cell Phone Allowance | 3,600 | 3,600 |
| Long Service Bonus | 56,365 | - |
| Leave Payments | 50,324 | - |
| Contributions - UIF, Medical, Pension | - | - |
| Total | <u><u>972,762</u></u> | <u><u>786,664</u></u> |

| | | | |
|----|--|-------------------|-------------------|
| 35 | REMUNERATION OF COUNCILLORS | 2011 R | 2010 R |
| | Mayor | 625,648 | 416,205 |
| | Executive Committee Members | 1,140,946 | 1,414,297 |
| | Councillors | 991,661 | 924,952 |
| | Councillors' pension and medical aid contributions | 0 | - |
| | Total Councillors' Remuneration | 2,758,255 | 2,755,454 |
| | <i>In-kind Benefits</i> | | |
| | The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties. | | |
| | <i>Certification by the Municipal Manager</i> | | |
| | I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act. | | |
| | Signed: Municipal Manager | | |
| 36 | CONTRIBUTIONS TO BAD DEBTS PROVISION | 2011 R | 2010 R |
| | Trade Receivables from exchange transactions - Note 21 | 1,677,172 | 253,418 |
| | Total Contribution to Bad Debts Provision | 1,677,172 | 253,418 |
| | Less: Transferred to Discontinued Operations - Note 42.3 | (257,240) | (144,327) |
| | Total Contribution to Bad Debts Provision | 1,419,932 | 109,091 |
| 37 | IMPAIRMENTS | 2011 R | 2010 R |
| | | | |
| 38 | FINANCE CHARGES | 2011 R | 2010 R |
| | Employee Benefits | 784,420 | 762,212 |
| | Long-term Liabilities | - | - |
| | Finance Leases | 28,313 | 18,463 |
| | Total Finance Charges | 812,733 | 780,675 |
| | Less: Transferred to Discontinued Operations - Note 42.3 | (24,194) | - |
| | Total Finance Charges | 788,539 | 780,675 |
| | Reclassification of Finance Leases | | |
| | Balance previously reported | - | - |
| | Transfer to Employee Benefits | - | - |
| | Restated amount for Finance Leases | - | - |
| 39 | BULK PURCHASES | 2011 R | 2010 R |
| | Electricity | 1,936,596 | 1,321,188 |
| | Less: Transferred to Discontinued Operations | (1,936,596) | (1,321,188) |
| | Total Bulk Purchases | - | - |
| 40 | DEPRECIATION AND AMORTISATION | 2011 R | 2010 R |
| | Depreciation and Amortisation | 2,593,415 | 1,255,348 |
| | Less: Transferred to Discontinued Operations - Note 42.3 | (2,037,927) | (1,234,414) |
| | Total Depreciation and Amortisation | 555,488 | 20,934 |

| | 2011 R | 2010 R |
|---|--------------------|-------------------|
| 41 GENERAL EXPENSES | | |
| Advertisements | 98,686 | 131,025 |
| Anchor Projects | 37,658 | 3,691 |
| Bank Charges | 126,719 | 156,344 |
| Graveyard | 0 | - |
| Fire Extinguishers | 22,715 | 9,884 |
| Fuel and Oil | 200,981 | 160,647 |
| Study Fund | 128,224 | 121,756 |
| Community Development Workers | 140,401 | 153,087 |
| Sundry Expenditure | 19,747 | 139,246 |
| Printing and Stationery | 182,960 | 182,235 |
| DWAF | 1,237,825 | - |
| Primary Health Care | 0 | - |
| Nutrition Scheme | 73,257 | 71,040 |
| Rates | 85,815 | 195,786 |
| Electricity | 167,453 | 91,916 |
| Electricity, Water and Sanitation | 638,053 | 359,620 |
| Global Fund | 648,461 | 1,215,212 |
| Household Expenses | 62,019 | 51,871 |
| Pre-Paid Meters | 38,164 | 28,192 |
| ISRDP | 49,549 | 150,185 |
| Membership Fees | 164,928 | 134,453 |
| Licences | 10,104 | 10,908 |
| Vehicle Registration | 217,383 | 196,986 |
| Milk Powder | 463,361 | 591,593 |
| Samples: Milk, Water and Food | 52,510 | 56,388 |
| IDP Funds | 0 | 51,160 |
| Entertainment | 12,828 | 11,295 |
| Entertainment: Mayor | 48,212 | 44,778 |
| Entertainment: Speaker | 2,900 | 3,159 |
| Entertainment: Deputy Mayor | 2,810 | 2,200 |
| Training | 206,562 | 3,018 |
| Auditfees | 1,607,500 | 1,162,081 |
| Traing Fund | 221,206 | 186,776 |
| Development Human Rights | 0 | 6,321 |
| Roads from Transport Fund | 0 | 329,461 |
| Public Functions | 81,823 | 70,602 |
| Legal Fees | 35,913 | 30,223 |
| Cleaning Materials | 62,406 | 60,375 |
| Travell and Subsistence | 2,022,500 | 1,506,060 |
| Travell and Subsistence: Council | 362,488 | 383,787 |
| Registration and Congress Fees | 29,403 | 35,914 |
| Computer Expenses | 40,395 | 179,857 |
| Regional Study Fund | 0 | - |
| Telephone and Postage | 544,333 | 473,679 |
| Deed of Transfer | 10,662 | 13,240 |
| Lost Books | 226 | - |
| Insurance General | 104,717 | 97,110 |
| Travel Cost: Furniture | 3,500 | - |
| Valuations | 35,421 | 1,181,287 |
| Work for Water Project | 2,086,624 | 2,658,444 |
| IDP Economic | 679,892 | 259,167 |
| IDP Financial Services | 149,477 | 110,980 |
| IDP Institutional | 213,023 | 75,345 |
| Implement Projects | 175,739 | 259,825 |
| IDP Finance Management Grant Interns | 533,956 | 242,997 |
| Contributions Landfill Site | 14,300 | 13,000 |
| Roads Agency Services | 22,264,864 | 21,606,049 |
| Sundry Projects | 779,890 | 444,371 |
| Long Service Fund | 0 | - |
| General Expenses | 37,200,539 | 35,714,623 |
| Less: Transferred to Discontinued Operations - Note 42.3 | (1,471,850) | (889,565) |
| Total General Expenses | 35,728,689 | 34,825,058 |
| General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees. | | |
| | 2011 R | 2010 R |
| 42 DISCONTINUED OPERATIONS | | |
| 42.1 NET ASSETS AND LIABILITIES | | |
| Net Assets | 44,478,305 | - |
| Housing Development Fund | 348,691 | - |
| Donations and Public Contribution Reserve | - | - |
| Accumulated Surplus / (Deficit) | 44,129,614 | - |
| Non - Current Liabilities | 408,803 | - |
| EMPLOYEE BENEFITS | | |
| Provision for Post Retirement Benefits | 197,399 | - |
| Provision for Ex-Gratia Pension Benefits | 18,387 | - |
| Provision for Long Service Awards | 193,017 | - |
| Total Non-current Provision Liabilities | 408,803 | - |
| | 2011 R | 2010 R |
| Post Retirement Benefits | | |
| Balance 1 July | 101,384 | - |
| Contribution for the year | 16,736 | - |
| Expenditure for the year | - | - |
| Actuarial Loss/(Gain) | 79,279 | - |
| Total provision 30 June | 197,399 | - |
| Less: Transfer of Current Portion to Current Provisions - Note | - | - |
| Balance 30 June | 197,399 | - |

Ex-Gratia Pensions

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)
Total provision 30 June
Less: Transfer of Current Portion to Current Provisions - Note
Balance 30 June

| 2011 R | 2010 R |
|---------------|-----------|
| 25,977 | - |
| 2,217 | - |
| - | - |
| (9,807) | - |
| 18,387 | - |
| - | - |
| 18,387 | - |

Long Service Awards

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)
Total provision 30 June
Less: Transfer of Current Portion to Current Provisions - Note
Balance 30 June

| 2011 R | 2010 R |
|----------------|-----------|
| 142,900 | - |
| 31,841 | - |
| - | - |
| 50,571 | - |
| 225,312 | - |
| (32,295) | - |
| 193,017 | - |

TOTAL EMPLOYEE BENEFITS

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)
Total provision 30 June
Less: Transfer of Current Portion to Current Provisions - Note 7
Balance 30 June

| 2011 R | 2010 R |
|----------------|-----------|
| 270,261 | - |
| 50,794 | - |
| - | - |
| 120,043 | - |
| 441,098 | - |
| (32,295) | - |
| 408,803 | - |

Current Liabilities

Provisions
Current Portion of Clearing of Alien Vegetation - Note 5
Current Portion of Rehabilitation of Landfill Sites - Note 5
Total Provisions

| | |
|------------------|---|
| 1,276,361 | - |
| 157,300 | - |
| - | - |
| 157,300 | - |
| 157,300 | - |

The movement in current provisions are reconciled as follows:

Rehabilitation of Landfill Sites

Balance at beginning of year
Transfer from non-current
Contribution to provision
Expenditure incurred
Balance at end of year

| 2011 R | 2010 R |
|----------------|-----------|
| 143,000 | - |
| - | - |
| 14,300 | - |
| - | - |
| 157,300 | - |

Short Term Employee Benefits

Performance Bonuses
Staff Leave
Current Portion of Short Term Employee Benefits
Current Portion of Post Retirement Benefits - Note
Current Portion of Ex-Gratia Pension Provisions - Note
Current Portion of Long-Service Provisions - Note 4
Total Short Term Employee Benefits

| | |
|----------------|---|
| 240,070 | - |
| - | - |
| 207,775 | - |
| 32,295 | - |
| - | - |
| - | - |
| 32,295 | - |
| 240,070 | - |

Post Retirement Benefits

Balance at beginning of year
Transfer from non-current
Contribution to provision
Expenditure incurred
Balance at end of year

| 2011 R | 2010 R |
|-----------|-----------|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

Ex-Gratia Pensions

Balance at beginning of year
Transfer from non-current
Contribution to provision
Expenditure incurred
Balance at end of year

| 2011 R | 2010 R |
|-----------|-----------|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

Long-service Awards

Balance at beginning of year
Transfer from non-current
Contribution to provision
Expenditure incurred
Balance at end of year

| 2011 R | 2010 R |
|---------------|-----------|
| - | - |
| 32,295 | - |
| - | - |
| 32,295 | - |

| 2011 | 2010 |
|------|------|
|------|------|

| | R | R |
|--|-------------------|-------------|
| <u>Staff Leave Reconciliation</u> | | |
| Balance at beginning of year | - | - |
| Transfer from Provision | - | - |
| Contribution during the year | 207,775 | - |
| Balance at end of year | 207,775 | - |
| | 2011 | 2010 |
| | R | R |
| <u>TOTAL - CURRENT PROVISIONS</u> | | |
| Balance at beginning of year | - | - |
| Transfer from non-current | - | - |
| Transfer to Trade Payables | - | - |
| Contribution to provision | 240,070 | - |
| Expenditure incurred | - | - |
| Balance at end of year | 240,070 | - |
| | | |
| For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 4 to the Financial Statements, Other Defined Benefit Plan Information | | |
| Trade and Other Payables | 216,834 | - |
| Payments in Advance | 209,460 | - |
| Other Deposits | 7,374 | - |
| Unspent Conditional Government Grants and Receipts | 521,492 | - |
| Taxes | 140,665 | - |
| Transferred Liabilities to Liabilities Associated with Assets Held for Sale | 46,163,469 | - |
| | | |
| 42.2 ASSETS | | |
| Non-Current Assets | 43,796,286 | - |
| Property, Plant and Equipment - Note 14 | 43,796,286 | - |
| Current Assets | 2,367,183 | - |
| Inventory | 1,492 | - |
| Trade Receivables from exchange transactions | 451,052 | - |
| Water | 28,423 | - |
| Electricity | 233,514 | - |
| Housing Rentals | - | - |
| Refuse | 681,849 | - |
| Sewerage | 213,222 | - |
| Other Arrears | 62,697 | - |
| Total: Trade receivables from exchange transactions (before provision) | 1,219,705 | - |
| Provision for Impairments | (768,654) | - |
| Total: Trade receivables from exchange transactions (after provision) | 451,052 | - |
| Other Receivables from non-exchange transactions | 666,678 | - |
| Taxes - Rates | 613,642 | - |
| Other Debtors | 209,460 | - |
| | 823,102 | - |
| Less: Provision for bad debts | (156,424) | - |
| Total Other Receivables from non-exchange transactions | 666,678 | - |
| Cash and Cash Equivalents | 1,247,962 | - |
| Housing Development Fund | 348,691 | - |
| Provision Landfill Site | 157,300 | - |
| Provision Leave Fund | 207,775 | - |
| Other Deposits | 7,374 | - |
| Unspent Conditional Grants | 521,492 | - |
| Cash Floats | 5,330 | - |
| Transferred Assets Related to Assets Held for Sale | 46,163,469 | - |

42.3 STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from Non-exchange Transactions 4,300,898 2,858,834

Taxation Revenue 1,087,287 827,897

Property Rates 1,087,287 827,897

Transfer Revenue 3,192,466 2,011,172

Government Grants and Subsidies 2,247,469 2,011,172

Public Contributions and Donations 944,997 -

Other Revenue 21,145 19,765

Fines 11,338 19,765

Actuarial Gains 9,807 -

Revenue from Exchange Transactions 3,194,109 2,943,084

Property Rates- penalties imposed and collection charges 2,340 2,200

Service Charges 2,883,468 2,688,327

Rental of Facilities and Equipment 32,962 28,594

Interest Earned - External Investments 0 -

Interest Earned - Outstanding Debtors 0 -

Licenses and Permits 255,135 228,135

Other Income 20,205 15,828

Unamortised discount - Interest 0 -

Total Revenue 7,495,007 5,801,918

EXPENDITURE

Employee related costs 3,099,842 2,287,585

Remuneration of Councillors 0 -

Debt Impairment 257,240 144,327

Collection costs 0 -

Depreciation and Amortisation 2,037,927 1,234,414

Impairments 0 -

Repairs and Maintenance 285,609 461,738

Unamortised discount - Interest 0 -

Actuarial losses 129,850 -

Finance Charges 24,194 -

Bulk Purchases 1,936,596 1,321,188

Contracted services 4,648 4,643

Grants and Subsidies Paid 0 -

Other Operating Grant Expenditure 0 -

General Expenses 1,471,850 889,565

Changes in Fair Value 0 -

Total Expenditure 9,247,756 6,343,460

NET SURPLUS / (DEFECIT) FOR THE YEAR (1,752,749) (541,542)

2010 R 2009 R

CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

43.1 Funds

Government grant as previously stated - -

Capitalisation Reserve previously stated - -

Capital grants utilised in 2008 to purchase PPE added back - -

Depreciation for 2008 added back - -

Transfer to accumulated surplus - Note - -

Total - -

2010 R 2009 R

Implementation of GRAP

Transfer to the Capital Replacement Reserve - -

Transfer to the Housing Development Fund - -

Transfer to the Donations and Public Contribution Reserve - -

Transfer from the Government Grant Reserve - -

Transfer from the Capitalisation Reserve - -

Transfer to Accumulated Surplus/(Deficit) - Note - -

Total - -

| | 2010 R | 2009 R |
|---|-----------|-----------|
| 43.1 Loans Redeemed and Other Capital Receipts | | |
| Balance previously reported: | - | - |
| Implementation of GRAP | | |
| Redemption and depreciation periods differ | - | - |
| Internal Loans per Appendix B - IMFO | | |
| Internal Loans per asset register - Bookvalue | | |
| Transfer to Accumulated Surplus/(Deficit) - Note | | |
| Outstanding Internal Loans Transfer to Capitalisation Reserve | | |
| Transfer from Property, Plant and Equipment - Note | | |
| Transfer to Government Grant Reserve - Note | - | |
| Transfer to Government Grant Reserve - Intangible Assets | | |
| Transfer to Donations and Public Contribution Reserve | | |
| Transfer to Accumulated Surplus/(Deficit) - Note | - | |
| Total | - | - |
| | | |
| | 2010 R | 2009 R |
| 43.2 Provisions and Reserves | | |
| Balance previously reported: | | |
| Working capital reserve | - | |
| Disaster | - | |
| Audit fees | - | |
| Staff Leave | - | |
| Staff Bonuses | - | |
| Total | - | - |
| Implementation of GRAP | | |
| Transfer to Trade Payables - Staff Leave - See Note | | |
| Transfer to Provisions - Staff Bonuses - See Note | | |
| Transfer to Accumulated Surplus/(Deficit) - Note | - | |
| Total | - | - |
| | | |
| | 2010 R | 2009 R |
| 43.2 Long-term Liabilities | | |
| Balance previously reported: | | |
| Implementation of GRAP | | |
| Leases previously not recognised - Note | - | - |
| Prior years' redemption recognised through surplus | - | - |
| Vat not recognised previously | - | - |
| Transfer to Accumulated Surplus/(Deficit) - Note | - | - |
| Total | - | - |

| | 2010 R | 2009 R |
|--|-------------------|-------------------|
| 43.2 Employee benefits | | |
| Post Employment Benefits - 1 July 2007 | - | - |
| Long Service - 1 July 2007 | - | - |
| Ex Gratia Payments - 1 July 2007 | - | - |
| Non Current Provisions not previously recognised | | |
| Contribution to Provision - Ex Gratia Payments (2008) - Note | - | - |
| Contribution to Provision - Long Service Awards (2008) - Note | - | - |
| Contribution to Provision - Post Employment Benefits (2008) - Note | - | - |
| Actuarial Losses (2008) | - | - |
| Finance Charges (2008) - Note | - | - |
| Total | - | - |
| | | |
| | 2010 R | 2009 R |
| 43.3 Accumulated Depreciation - GRAP 17 | | |
| Balance as previously stated | - | - |
| Unbundling of asset - opening balance at 1 July 2007 | - | - |
| Unbundling of assets - depreciation for 2008 restated | - | - |
| | - | - |
| Prior period error - Note | - | - |
| | - | - |
| | - | - |
| | 2010 R | 2009 R |
| 43.4 Accumulated Surplus/(Deficit) | | |
| Implementation of GRAP | | |
| Transfer from Funds - Note | - | - |
| Non-Current Provisions not previously recognised Note | - | - |
| Backlog Depreciation | - | - |
| Capitilised assets under 5000 | - | - |
| | - | - |
| Unbundling of Assets - Note | - | - |
| Total | - | - |
| | | |
| | 2010 R | 2009 R |
| 44 CORRECTION OF ERROR IN TERMS OF GRAP 3 | | |
| 44.1 Property, Plant and Equipment | | |
| Balance previously reported | 57,151,445 | 47,622,545 |
| Transfer to Accumulated Surplus/(Deficit) [Inventory Items] - Note 43.14 | 3,660 | 555,798 |
| Leases previously not recognised | - | - |
| Restated amount for Property, Plant and Equipment - Note 14 | 57,155,105 | 48,178,343 |
| 44.2 Accumulated Depreciation | | |
| Balance previously reported | 15,707,895 | 13,617,796 |
| Transfer to Accumulated Surplus/(Deficit) [Inventory Items] - Note 43.14 | - | 46,179 |
| Transfer to Statement of Financial Performance - Depreciation | (768,781) | 35,351 |
| Restated amount for Accumulated Depreciation - Note 14 | 14,939,114 | 13,699,326 |
| 44.3 Trade and Other Payables | | |
| Balance previously reported | - | 4,196,026 |
| Staff Leave Liability - Note 7 | - | (577,937) |
| | - | - |
| Restated amount for Trade and Other Payables - Note 9 | - | 3,618,089 |
| 44.4 Employee Benefits | | |
| Balance previously reported | - | 885,139 |
| Staff Leave Liability - Note 7 | - | 577,937 |
| | - | - |
| Restated amount for Employee Benefits - Note 4 & 7 | - | 1,463,076 |
| 44.5 Intangible Assets | | |
| Balance previously reported | 344,349 | 184,168 |
| Transfer to Accumulated Surplus/(Deficit) [Inventory Items] - Note 43.7 | (3,990) | 21,123 |
| Restated amount for Intangible Assets - Note 17 | 340,359 | 205,291 |
| 44.6 Amortisation | | |
| Balance previously reported | 213,738 | 150,906 |
| Transfer to Statement of Financial Performance - Depreciation | (28,326) | 18,946 |
| | - | - |
| Restated amount for Amortisation - Note 17 | 185,412 | 169,852 |

| | | | |
|--------------|---|------------------|-------------------|
| 44.7 | Other Debtors | | |
| | Balance previously stated | 869,358 | - |
| | Transfer to Statement of Financial Performance - Rental of Facilities and Equipment | 3,678 | - |
| | | 873,036 | - |
| 44.8 | Accumulated Surplus/(Deficit) | | |
| | Transfer from Property, Plant & Equipment - Note 43.1 | 3,660 | 555,798 |
| | Transfer from Long term liabilities - Note 43.8 | | - |
| | Provision on Landfill Site previously not recognised - Note 43.7 | | - |
| | Transfer from Accumulated Depreciation - Note 43.2 | | (46,179) |
| | Transfer from Intangible Assets - Note 43.5 | (3,990) | 21,123 |
| | Transfer from Amortisation - Note 43.6 | | (18,946) |
| | | | |
| | Statement of changes in net Assets | (330) | 511,796 |
| 44.9 | Statement of Financial Performance | | |
| | Balance previously stated | 7,122,848 | 4,843,073 |
| | Transfer from Accumulated Depreciation - Note 43.2 | 768,781 | (35,351) |
| | Transfer from Amortisation - Note 43.6 | 28,326 | |
| | Transfer from Rental of Facilities and Equipment - Note 43.7 | 3,678 | |
| | | | |
| | Restated amount for Statement of Financial Performance | 7,923,633 | 4,807,722 |
| 44.10 | Irregular expenditure SCM Chapter 11 | | |
| | Balance previously stated | - | 4,853,229 |
| | Irregular for 2005/2008 Financial Year | - | - |
| | Irregular for 2008/2009 Financial Year | - | 258,206 |
| | | | |
| | Restated amount for Irregular expenditure SCM Chapter 11 | - | 5,111,435 |
| 44.11 | Employee related Costs | | |
| | Balance previously stated | - | 9,432,121 |
| | Transfer to Contributions to provision - Post Retirement Medical | - | (457,091) |
| | Transfer from Employee related cost - Salaries and Wages | - | 457,091 |
| | Transfer from General Expenses - Long Service Fund to Contributions to provision - Long Service Awards | - | 27,173 |
| | | | |
| | Restated amount for Employee Related Cost | - | 9,459,294 |
| 44.12 | General Expenses | | |
| | Balance previously stated | - | 34,526,331 |
| | Transfer to Employee related cost - Contributions to provision - Long Service Awards from Long Service Fund | - | (27,173) |
| | | | |
| | Restated amount for General Expenses | - | 34,499,158 |

45 **RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**

| | | |
|--|------------------|-------------------|
| Surplus/(Deficit) for the year | 476,085 | 7,923,634 |
| Adjustments for: | | |
| Depreciation and amortisation | 555,488 | 1,255,348 |
| Amortisation of Intangible Assets | | |
| (Gain)/Loss on disposal of property, plant and equipment | 954 | - |
| Impairments | - | - |
| Donations and Public Contribution Reserve | - | - |
| Contribution from/to provisions - Non-Current | 957,615 | 921,141 |
| Contribution from/to provisions - Non-Current - Expenditure incurred | (716,321) | (629,938) |
| Contribution from/to provisions - Non-Current - Actuarial losses | 1,962,038 | - |
| Contribution from/to provisions - Non-Current - Actuarial gains | (81,009) | - |
| Contribution from/to provisions - Non-Current transfer to Current Provision | (115,962) | (86,383) |
| Contribution to provisions – current | 702,392 | 338,481 |
| Contribution to provisions – current - Expenditure incurred | (316,537) | (240,314) |
| Contribution to provisions – Bad debt | 1,419,932 | 253,418 |
| Unamortised discount - Interest - Revenue | - | - |
| Unamortised discount - Interest - Expenditure | - | - |
| Bad debts written off | (3,847,254) | - |
| Operating lease income accrued | - | - |
| Operating lease expenses accrued | - | - |
| Investment income | (217,463) | (227,918) |
| Interest paid | 788,539 | 780,675 |
| Operating Surplus/(Deficit) before changes in working capital | 1,568,497 | 10,288,143 |
| Changes in working capital | 3,342,043 | 5,134,218 |
| Increase/(Decrease) in Trade and Other Payables | 513,756 | (1,922,463) |
| Increase/(Decrease) in Unspent Conditional Government Grants and Receipts | (41,085) | 3,846,778 |
| Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts | - | - |
| Increase/(Decrease) in Taxes | (283,789) | 421,939 |
| Increase/(Decrease) in Short-term Loans | - | - |
| Increase/(Decrease) in Operating Lease Liability | - | - |
| (Increase)/Decrease in Inventory | 123,495 | (118,962) |
| (Increase)/Decrease in Trade Receivables from exchange transactions | 2,918,745 | (1,137,831) |
| (Increase)/Decrease in Other Receivables from non-exchange transactions | 74,208 | (172,600) |
| (Increase)/Decrease in Unpaid Conditional Government Grants and Receipts | 36,714 | 4,217,357 |
| (Increase)/Decrease in Operating Lease Asset | - | - |
| Cash generated/(absorbed) by operations | 4,910,541 | 15,422,361 |

46 **CASH AND CASH EQUIVALENTS**

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

| | 2011 R | 2010 R |
|---|--------------------|------------------|
| Call Investments Deposits - Note 23 | 195,932 | 3,134,476 |
| Cash Floats - Note 23 | 6,630 | 6,630 |
| Bank overdraft - Note 23 | 2,163,722 | (228,174) |
| Bank - Note 23 | 2,366,283 | 2,912,932 |
| Total cash and cash equivalents | 2,366,283 | 2,912,932 |
| Less: Transferred to Discontinued Operations - Note 42.2 | (1,247,962) | - |
| Total cash and cash equivalents | 1,118,321 | 2,912,932 |

Central Karoo District Municipality have a over draft facility to the amount of R3 000 000 at FNB Account Number 6206 2151 429 - Cheque Account Beaufort West Branch

47 **RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

| | 2011 R | 2010 R |
|---|--------------------|--------------------|
| Cash and Cash Equivalents - Note | 1,118,321 | 2,912,932 |
| Investments - Note | - | - |
| | 1,118,321 | 2,912,932 |
| Less: | 5,149,874 | 6,458,441 |
| Unspent Committed Conditional Grants - Note 10 | 6,851,178 | 6,892,263 |
| Unspent Public Contribution - Note | - | - |
| Unspent Borrowings - Note | - | - |
| Unpaid Committed Conditional Grants - Note 10 | (674,655) | (711,369) |
| VAT - Note 12 | (212,646) | (71,143) |
| Other Receivables from non-exchange transactions - Note 22 | (814,003) | - |
| Cash Portion of Housing Development Fund - Note 1 | - | 348,691 |
| Secured Investments | - | - |
| Net cash resources available for internal distribution | | |
| Allocated to: | | |
| Capital Replacement Reserve | - | - |
| Employee Benefits Reserve | - | - |
| Social Contribution Reserve | - | - |
| Non-Current Provisions Reserve | - | - |
| Valuation Roll Reserve | - | - |
| Resources available for working capital requirements | (4,031,554) | (3,545,509) |

48 **UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

| | 2011 R | 2010 R |
|---|-----------|-----------|
| Long-term Liabilities - Note 3 | 223,374 | 58,324 |
| Used to finance property, plant and equipment - at cost | (223,374) | (58,324) |
| | - | - |
| Cash set aside for the repayment of long-term liabilities | - | - |
| Cash invested for repayment of long-term liabilities | - | - |

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act

48 **STATEMENT OF COMPARITIVE AND ACTUAL INFORMATION**

[See attached sheet](#)

| | | 2011 R | 2010 R |
|------|--|--------------|--|
| 49 | UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED | | |
| 49.1 | Unauthorised expenditure | | |
| | Reconciliation of unauthorised expenditure: | | |
| | Opening balance | 4,197,138 | 275,577 |
| | Unauthorised expenditure current year | 6,124,918 | 4,197,138 |
| | Approved by Council or condoned | (10,322,056) | (275,577) |
| | Transfer to receivables for recovery | - | - |
| | Unauthorised expenditure awaiting authorisation | - | 4,197,138 |
| | | | |
| | Incident | | Disciplinary steps/criminal proceedings |
| | <i>Over expenditure of approved budget</i> | | <i>Mayoral Committee investigate and condoned the expenditure. MFMA Art.32</i> |
| 49.2 | Fruitless and wasteful expenditure | | |
| | Reconciliation of fruitless and wasteful expenditure: | | |
| | Opening balance | - | - |
| | Fruitless and wasteful expenditure current year | - | - |
| | Condoned or written off by Council | - | - |
| | Transfer to receivables for recovery - not condoned | - | - |
| | Fruitless and wasteful expenditure awaiting condonement | - | - |
| | | | |
| | Incident | | Disciplinary steps/criminal proceedings |
| | <i>None</i> | | <i>None</i> |
| 49.3 | Irregular expenditure | | |
| | Reconciliation of irregular expenditure: | | |
| | Opening balance | 1,146,931 | 5,111,435 |
| | Irregular expenditure current year | - | 802,094 |
| | Condoned or written off by Council | (1,146,931) | (4,766,598) |
| | Transfer to receivables for recovery - not condoned | - | - |
| | Irregular expenditure awaiting condonement | - | 1,146,931 |
| | | | |
| | Incident | | Disciplinary steps/criminal proceedings |
| | <i>Non-Compliance with Supply Chain Management Policy - Note 50.6</i> | | <i>None</i> |
| 50 | ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT | | |
| 50.1 | Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS | | |
| | Opening balance | - | - |
| | Council subscriptions | 120,000 | 120,000 |
| | Amount paid - current year | (120,000) | (120,000) |
| | Amount paid - previous years | - | - |
| | Balance unpaid (included in creditors) | - | - |
| 50.2 | Audit fees - [MFMA 125 (1)(b)] | | |
| | Opening balance | - | - |
| | Current year audit fee | 1,607,500 | 1,162,081 |
| | External Audit - Auditor-General | 1,607,500 | 1,162,081 |
| | Internal Audit | | |
| | Audit Committee | | |
| | Amount paid - current year | (1,607,500) | (1,162,081) |
| | Amount paid - previous year | - | - |
| | Balance unpaid (included in creditors) | - | - |

| | 2011 R | 2010 R |
|---|---------------|--------------|
| 50.3 PAYE and UIF - [MFMA 125 (1)(b)] | | |
| Opening balance | 7,867 | 185,800 |
| Current year payroll deductions | 3,367,898 | 2,862,659 |
| Amount paid - current year | (3,363,098) | (3,040,592) |
| Balance unpaid (included in creditors) | 12,667 | 7,867 |

| | 2011 R | 2010 R |
|--|-------------|----------------|
| 50.4 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)] | | |
| Opening balance | (3,087) | 404,378 |
| Current year payroll deductions and Council Contributions | 6,228,289 | 5,319,612 |
| Amount paid - current year | (6,225,011) | (5,727,077) |
| Amount paid - previous year | | |
| Balance unpaid (included in creditors) | 191 | (3,087) |

50.5 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2011:

Alderman D Hugo
Councillor F MacPherson
Total Councillors Arrear Consumer Accounts

**Outstanding
more than 90
days**

-
-
-

The following Councillors had arrear accounts outstanding for more than 90 days during the year:

NAME

**Highest
amount
outstanding**

Ageing

- > 150 days
- > 120 days
- > 90 days

50.6 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

| | Less than R30,000 | Between R30,001 and R200,000 | Between R200,001 and R2,000,000 | More than R2,000,001 |
|---------------------------------|----------------------|------------------------------------|---------------------------------------|-------------------------|
| Sole Suppliers | - | - | - | - |
| Agents | - | - | - | - |
| Other - Verbal Quotations | - | - | - | - |
| Executive & Council | - | - | - | - |
| Corporate Services | - | - | - | - |
| Community Services | - | - | - | - |
| Financial Services | - | - | - | - |
| Technical Services | - | - | - | - |
| Electrical Services | - | - | - | - |
| Town Planning | - | - | - | - |
| Strategic Services | - | - | - | - |
| Irregular Expenditure Note 49.3 | - | - | - | - |

50.7 Creditors not paid within 30 Days

Payments were held back due to not satisfied with the delivery of goods.

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

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

| | Total Suppliers | Amount |
|--|-----------------|--------------|
| Sole Suppliers | 58 | 2,589,526.56 |
| Agents | 31 | 2,229,761.55 |
| Rotation of Suppliers | 15 | 142,442.83 |
| Deviations approved by Municipal Manager | 61 | 1,375,680.77 |

A Detailed listing are attached as Annexure H and Annexure I

50.9 Non-compliance with the Municipal Supply Chain Management Regulations-GNR 868 30 May 2005 paragraph 45

Awards to Creditors who has been in the service of the state.

| Name of Person | Capacity | Amount |
|----------------|----------|--------|
|----------------|----------|--------|

51 **CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure:

Approved and contracted for:

| | 2011 R | 2010 R |
|----------------|-----------|-----------|
| Infrastructure | - | 2,530,517 |
| Community | - | - |
| Other | 154,014 | 769,352 |

Approved but not yet contracted for

| | 2011 R | 2010 R |
|----------------|-----------|-----------|
| Infrastructure | - | - |
| Community | - | - |
| Other | - | - |

Total

| | 2011 R | 2010 R |
|--|-----------|-----------|
| | 154,014 | 3,299,869 |

This expenditure will be financed from:

| | 2011 R | 2010 R |
|-----------------------------|----------------|------------------|
| External Loans | - | - |
| Capital Replacement Reserve | - | - |
| Government Grants | 154,014 | 3,299,869 |
| Own Resources | - | - |
| District Council Grants | - | - |
| Total | 154,014 | 3,299,869 |

52 **DEFINED CONTRIBUTION FUNDS**

Council employees contribute to the Cape Joint Municipal Pension Fund, Cape Retirement Fund, Municipal Council Pension Fund and SAMWU National Provident Fund which is a defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

53 **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

| | 2011 R | 2010 R |
|---|-----------|-----------|
| 0.5% (2010 - 0.5%) Increase in interest rates | (21,392) | (2,160) |
| 0.5% (2010 - 0.5%) Decrease in interest rates | 21,392 | 2,160 |

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

(e) Other Risks

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

| | 2011 R | 2010 R |
|---|------------------|-------------------|
| The maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows: | | |
| Investments | - | - |
| Long Term Receivables | - | - |
| Trade receivables from exchange transactions | 1,219,705 | 4,138,450 |
| Other receivables from non-exchange transactions | 1,637,104 | 1,711,312 |
| Other Debtors | 887,301 | 1,142,671 |
| Current Portion of Long-term Receivables | - | - |
| Short-term Investment Deposits | 195,932 | 3,134,476 |
| Bank and Cash Balances | 6,630 | 6,630 |
| Maximum Credit and Interest Risk Exposures | 3,946,671 | 10,133,540 |

54 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:

| 54.1 Financial Assets | Classification | 2011 R | 2010 R |
|--|-----------------------|-----------|-----------|
| Investments | | | |
| Fixed Deposits | Held to maturity | - | - |
| Long-term Receivables | | | |
| Staff Loans | Loans and Receivables | - | - |
| Consumer Debtors | | | |
| Trade receivables from exchange transactions | Loans and Receivables | 1,219,705 | 4,138,450 |
| Other receivables from non-exchange transactions | Loans and Receivables | 1,637,104 | 1,711,312 |
| Other Debtors | | | |
| Payments made in Advance | Loans and Receivables | - | - |
| VAT | Loans and Receivables | 212,646 | 431,302 |
| Government Subsidies and Grants | Loans and Receivables | 674,655 | 711,369 |
| Current Portion of Long-term Receivables | | | |
| Staff Loans | Loans and Receivables | - | - |

| | | | | |
|---|---|-----------------------|------------------|-------------------|
| Short-term Investment Deposits | | | | |
| Call Deposits | Held to maturity | | 195,932 | 3,134,476 |
| Bank Balances and Cash | | | | |
| Bank Balances | Held to maturity | | - | - |
| Cash Floats and Advances | Held to maturity | | 6,630 | 6,630 |
| | | | 2011 | 2010 |
| | | | R | R |
| SUMMARY OF FINANCIAL ASSETS | | | | |
| Held to maturity: | | | | |
| Investments | Fixed Deposits | | - | - |
| Short-term Investment Deposits | Call Deposits | | 195,932 | 3,134,476 |
| Bank Balances | | | - | - |
| Cash Floats and Advances | | | 6,630 | 6,630 |
| | | | 202,562 | 3,141,106 |
| Loans and Receivables | | | | |
| Long-term Receivables | Staff Loans | | - | - |
| Consumer Debtors | Exchange transactions | | 1,219,705 | 4,138,450 |
| Consumer Debtors | Non-exchange transactions | | 1,637,104 | 1,711,312 |
| Other Debtors | Payments made in advance | | - | - |
| Other Debtors | Government Subsidies and Grants | | 674,655 | 711,369 |
| Current Portion of Long-term Receivables | Staff Loans | | - | - |
| VAT | VAT | | 212,646 | 431,302 |
| | | | 3,744,110 | 6,992,433 |
| Total Financial Assets | | | 3,946,671 | 10,133,540 |
| 54.2 | Financial Liability | Classification | | |
| Long-term Liabilities | | | | |
| Annuity Loans | At amortised cost | | - | - |
| Capitalised Lease Liability | Not valued at Fair Value through Profit or Loss | | 138,996 | 22,413 |
| Consumer Deposits | | | | |
| Electricity and Water | At amortised cost | | - | - |
| Trade Payables | | | | |
| Trade creditors | At amortised cost | | 2,047,041 | 1,401,180 |
| Deposits | At amortised cost | | 9,374 | 12,124 |
| VAT Payable | | | | |
| VAT Control Accounts | Not valued at Fair Value through Profit or Loss | | 140,665 | 502,445 |
| Short-term Loans | | | | |
| Call Bonds | Not valued at Fair Value through Profit or Loss | | - | - |
| Current Portion of Long-term Liabilities | | | | |
| Annuity Loans | At amortised cost | | - | - |
| Capitalised Lease Liability | At amortised cost | | 84,378 | 35,911 |
| Cash and Cash Equivalents | | | | |
| Bank Overdraft | Held to maturity | | - | 228,174 |
| | | | 2,420,454 | 2,202,247 |
| | | | 2011 | 2010 |
| | | | R | R |
| SUMMARY OF FINANCIAL LIABILITY | | | | |
| At amortised cost: | | | | |
| Long-term Liabilities | Annuity Loans | | - | - |
| Consumer Deposits | Electricity and Water | | - | - |
| Trade Payables | Trade creditors | | 2,047,041 | 1,401,180 |
| Trade Payables | Deposits | | 9,374 | 12,124 |
| Current Portion of Long-term Liabilities | Annuity Loans | | - | - |
| Current Portion of Long-term Liabilities | Capitalised Lease Liability | | 84,378 | 35,911 |
| Cash and Cash Equivalents | Bank Overdraft | | - | 228,174 |
| | | | 2,140,793 | 1,677,389 |
| Not valued at Fair Value through Profit or Loss: | | | | |
| Long-term Liabilities | Capitalised Lease Liability | | 138,996 | 22,413 |
| VAT Payable | VAT Control Accounts | | 140,665 | 502,445 |
| Short-term Loans | Call Bonds | | - | - |
| | | | 279,661 | 524,858 |
| Total Financial Liability | | | 2,420,454 | 2,202,247 |

| | | | |
|----|--|-----------|------------------------------|
| 55 | EVENTS AFTER THE REPORTING DATE | 2011 R | 2010 R |
| | The Municipality is not aware of any events after the reporting date. | - | - |
| 56 | IN-KIND DONATIONS AND ASSISTANCE | 2011 R | 2010 R |
| | The municipality received the following in-kind donations and assistance: | | |
| | Organisation | | Contribution towards: |
| | NONE | - | - |
| | | - | - |
| 57 | PRIVATE PUBLIC PARTNERSHIPS | 2011 R | 2010 R |
| | Council has not entered into any private public partnerships during the financial year. | - | - |
| 58 | COMPARISON WITH THE BUDGET | 2011 R | 2010 R |
| | The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)". | | |
| 59 | CONTINGENT LIABILITY | 2011 R | 2010 R |
| | Claims against Council | - | - |
| | The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates: | | |
| | <i>Description of event</i> | - | - |
| | | - | - |

60 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

60.1 Related Party Transactions

Year ended 30 JUNE 2011

Councillors
Municipal Manager and Section 57 Employees

Year ended 30 JUNE 2011

Councillors
Municipal Manager and Section 57 Employees

| Rates | Service Charges | Other | Outstanding Balances |
|-------|-----------------|-------|----------------------|
| | | | |
| | | | |

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

60.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 17 to the Annual Financial Statements.

60.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 32 to the Annual Financial Statements.

60.4 Other related party transactions

The following entity exist during the year where Councillors or staff have an interest:

| Councillor/Staff Member | Entity |
|------------------------------|---|
| T Prince (Mayor) | Hydroponics Section 21 Company President/ Chairperson of Beaufort West Football Association - Donation to the amount of R55 798.20 |
| T Prince (Mayor) | Hydroponics Section 21 Company |
| R Lottering (Councillor) | Hydroponics Section 21 Company |
| S Jooste (Municipal Manager) | Hydroponics Section 21 Company |

61 Exemptions taken according to those gazetted in Government Notice No. 30013 of 29 June 2007 and Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

61.1 GRAP 19 -Provisions, Contingent Liabilities and Contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:

Refuse tip-sites financed by way of a provision;

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

Since the previous reporting date the following provisions were measured in accordance with GRAP 19 and restated retrospectively:

Refuse tip-sites financed by way of a provision;
Post retirement benefits
Long service awards
Ex-gratia pensions

61.2 GRAP 100 -Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards:

61.3 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise all the Investment Properties:

The municipality is currently in a process of valuing all Investment Properties in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

61.4 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;
Intangible assets financed by way of finance leases;
Intangible assets transferred as a result of the transfer of functions; and
Servitudes.

The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2010 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

61.5 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following inventories:

Unpurified Water;
Land held for sale
Other (list).

The municipality is currently in a process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

62 Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP)

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliant financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix G.

63 Non-Compliance with the MFMA

Terms of Section 65(2)(e) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA). Some Creditors were not paid within 30 days.
Terms of Section 71(1) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA). Some Reports were not submitted within 10 working days.
Terms of Section 71(1) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA). The Accounting Officer did not inform National Treasury of payments due by an organ of state to the municipality in respect of municipal tax or for municipal services for payments which was in arrears for periods of more than 30 days

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2011

Reconciliation of Carrying Value

| | Cost | | | | | Accumulated Depreciation | | | | | Carrying Value | |
|--|-------------------|------------------|-----------------|--------------------|-------------------------------------|--------------------------|-------------------|------------------|-----------------|-------------------------------------|------------------|------------------|
| | Opening Balance | Additions | Disposals | Under Construction | Transferred to Assets Held For Sale | Closing Balance | Opening Balance | Additions | Disposals | Transferred to Assets Held For Sale | Closing Balance | |
| | R | R | R | R | R | R | R | R | R | R | R | R |
| Land and Buildings | 3,278,733 | - | - | - | 568,808 | 2,709,925 | 1,182,083 | 108,431 | - | 235,785 | 1,054,729 | 1,655,196 |
| Land | 307,000 | - | - | - | 78,000 | 229,000 | - | - | - | - | - | 229,000 |
| Buildings | 2,971,733 | - | - | - | 490,808 | 2,480,925 | 1,182,083 | 108,431 | - | 235,785 | 1,054,729 | 1,426,196 |
| Infrastructure | 41,297,262 | 6,776,922 | - | - | 48,074,184 | - | 9,198,674 | 1,772,233 | - | 10,970,907 | - | - |
| Tip Sites | 136,216 | - | - | - | 136,216 | - | 28,607 | 7,143 | - | 35,750 | - | - |
| Roads | 23,079,085 | 5,919,653 | - | - | 28,998,738 | - | 5,058,629 | 1,171,126 | - | 6,229,755 | - | - |
| Sewerage | 7,216,667 | - | - | - | 7,216,667 | - | 1,609,852 | 156,296 | - | 1,766,148 | - | - |
| Electricity | 2,848,433 | - | - | - | 2,848,433 | - | 708,832 | 65,987 | - | 774,819 | - | - |
| Water | 7,916,915 | 457,269 | - | - | 8,374,184 | - | 1,792,754 | 351,399 | - | 2,144,153 | - | - |
| Fencing | 99,946 | 400,000 | - | - | 499,946 | - | - | 20,282 | - | 20,282 | - | - |
| Community Assets | 7,039,454 | 762,708 | - | - | 6,770,738 | 1,031,424 | 1,013,734 | 109,749 | - | 1,046,033 | 77,450 | 953,974 |
| Buildings | 5,042,061 | 762,708 | - | - | 4,773,345 | 1,031,424 | 247,983 | 66,845 | - | 237,378 | 77,450 | 953,974 |
| Public Conveniences | 1,997,393 | - | - | - | 1,997,393 | - | 765,751 | 42,904 | - | 808,655 | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Lease Assets | 271,288 | - | - | - | - | 271,288 | 198,393 | 38,729 | - | - | 237,122 | 34,166 |
| Office Equipment | 271,288 | - | - | - | - | 271,288 | 198,393 | 38,729 | - | - | 237,122 | 34,166 |
| Heritage Assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 5,268,368 | 785,952 | -345,426 | - | 1,167,079 | 4,541,815 | 3,346,230 | 501,839 | -344,472 | 531,798 | 2,971,799 | 1,570,016 |
| Machinery and Equipment | 663,059 | 229,358 | -9,159 | - | 139,840 | 743,418 | 410,869 | 80,553 | -9,159 | 88,262 | 394,001 | 349,417 |
| Furniture and Equipment | 937,123 | 456,904 | -4,677 | - | 390,124 | 999,226 | 592,672 | 126,357 | -4,623 | 152,499 | 561,907 | 437,319 |
| Office Equipment - Computers | 1,332,828 | 99,690 | -331,590 | - | 93,925 | 1,007,003 | 954,339 | 143,369 | -330,690 | 75,685 | 691,333 | 315,670 |
| Motor vehicles | 2,335,358 | - | - | - | 543,190 | 1,792,168 | 1,388,350 | 151,560 | - | 215,352 | 1,324,558 | 467,610 |
| Fire Arms | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Property, Plant and Equipment | 57,155,105 | 8,325,582 | -345,426 | - | 56,580,809 | 8,554,452 | 14,939,114 | 2,530,981 | -344,472 | 12,784,523 | 4,341,100 | 4,213,352 |

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

30 JUNE 2010

Reconciliation of Carrying Value

| | Cost | | | | | Accumulated Depreciation | | | | | Carrying Value | |
|--|-------------------|------------------|-----------|------------------------|---|--------------------------|-------------------|------------------|-----------|---|-------------------|-------------------|
| | Opening Balance | Additions | Disposals | Under Constructions | Transferred to Assets Held For Sale | Closing Balance | Opening Balance | Additions | Disposals | Transferred to Assets Held For Sale | Closing Balance | |
| | R | R | R | R | R | R | R | R | R | R | R | R |
| Land and Buildings | 3,268,275 | 10,458 | - | - | - | 3,278,733 | 1,082,848 | 99,235 | - | - | 1,182,083 | 2,096,650 |
| Land | 307,000 | - | - | - | - | 307,000 | - | - | - | - | - | 307,000 |
| Buildings | 2,961,275 | 10,458 | - | - | - | 2,971,733 | 1,082,848 | 99,235 | - | - | 1,182,083 | 1,789,650 |
| Infrastructure | 34,658,078 | 5,822,864 | - | 816,320 | - | 41,297,262 | 7,777,042 | 1,421,632 | - | - | 9,198,674 | 32,098,588 |
| Tip Sites | 136,216 | - | - | - | - | 136,216 | 21,464 | 7,143 | - | - | 28,607 | 107,609 |
| Roads | 16,539,847 | 5,822,864 | - | 716,374 | - | 23,079,085 | 4,183,609 | 875,020 | - | - | 5,058,629 | 18,020,456 |
| Sewerage | 7,216,667 | - | - | - | - | 7,216,667 | 1,453,556 | 156,296 | - | - | 1,609,852 | 5,606,815 |
| Electricity | 2,848,433 | - | - | - | - | 2,848,433 | 642,845 | 65,987 | - | - | 708,832 | 2,139,601 |
| Water | 7,916,915 | - | - | - | - | 7,916,915 | 1,475,568 | 317,186 | - | - | 1,792,754 | 6,124,161 |
| Fencing | - | - | - | 99,946 | - | 99,946 | - | - | - | - | - | 99,946 |
| Community Assets | 5,093,103 | - | - | 1,946,351 | - | 7,039,454 | 860,846 | 152,888 | - | - | 1,013,734 | 6,025,720 |
| Buildings | 3,095,710 | - | - | 1,946,351 | - | 5,042,061 | 207,337 | 40,646 | - | - | 247,983 | 4,794,078 |
| Recreation | 1,997,393 | - | - | - | - | 1,997,393 | 653,509 | 112,242 | - | - | 765,751 | 1,231,642 |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Lease Assets | 271,288 | - | - | - | - | 271,288 | 198,393 | 38,729 | - | - | 237,122 | 34,166 |
| Office Equipment | 271,288 | - | - | - | - | 271,288 | 198,393 | 38,729 | - | - | 237,122 | 34,166 |
| Heritage Assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 4,891,259 | 377,109 | - | - | - | 5,268,368 | 3,011,416 | 296,085 | - | - | 3,307,501 | 1,960,867 |
| Machinery and Equipment | 545,094 | 117,965 | - | - | - | 663,059 | 376,908 | 33,961 | - | - | 410,869 | 252,190 |
| Furniture and Equipment | 769,924 | 167,199 | - | - | - | 937,123 | 523,317 | 30,626 | - | - | 553,943 | 383,180 |
| Office Equipment - Computers | 1,240,883 | 91,945 | - | - | - | 1,332,828 | 869,208 | 85,131 | - | - | 954,339 | 378,489 |
| Motor vehicles | 2,335,358 | - | - | - | - | 2,335,358 | 1,241,983 | 146,367 | - | - | 1,388,350 | 947,008 |
| Fire Arms | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Property, Plant and Equipment | 48,182,003 | 6,210,431 | - | 2,762,671 | - | 57,155,105 | 12,930,545 | 2,008,569 | - | - | 14,939,114 | 42,215,991 |

14 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;
Property, Plant and Equipment financed by way of finance leases;
Property, Plant and Equipment financed by way of provisions;
Property, Plant and Equipment transferred as a result of the transfer of functions; and
Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality therefore did not utilise the transitional provision in the following areas:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 48

STATEMENT OF COMPARITIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2011

| DISCRPTION | 2010/2011 | | | | | | | | | |
|--|-------------------|---|--|-------------------|--------------------|--------------------------|------------------|-------------------------------------|--|--|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Virements (i.t.o. Council approved by-law) | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Explanations of Unauthorised Expenditure |
| R thousands or R | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Financial Performance | | | | | | | | | | |
| Property Rates | 8,058,545 | 27,660 | - | 8,086,205 | 7,194,298 | - | 891,907 | 88.97% | 89.28% | |
| Less: Income Foregone - Rates | (7,060,711) | - | - | (7,060,711) | (6,107,011) | - | (953,700) | 86.49% | 86.49% | |
| Government Grants and Subsidies | 34,020,755 | 6,296,151 | - | 40,316,906 | 30,801,063 | - | 9,515,843 | 76.40% | 90.54% | |
| Public Contributions and Donations | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Fines | 37,700 | - | - | 37,700 | 11,338 | - | 26,362 | 30.07% | 30.07% | |
| Third Party Payments | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Stock Adjustments | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Actuarial Gains | - | - | - | - | 90,816 | - | (90,816) | 0.00% | 0.00% | |
| Property Rates - Penalties & Collection Charges | - | 2,340 | - | 2,340 | 2,340 | - | - | -100.00% | -100.00% | |
| Service Charges | 4,154,899 | 300,000 | - | 4,454,899 | 3,903,645 | - | 551,254 | 87.63% | 93.95% | |
| Less: Income Foregone - Services | (921,687) | - | - | (921,687) | (1,020,177) | - | 98,490 | 110.69% | 110.69% | |
| Water Services Authority Contribution | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Rental of Facilities and Equipment | 107,100 | - | - | 107,100 | 80,334 | - | 26,766 | 75.01% | 75.01% | |
| Interest Earned - External Investments | 200,000 | - | - | 200,000 | 217,463 | - | (17,463) | 108.73% | 108.73% | |
| Interest Earned - Outstanding Debtors | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Licences and Permits | 263,835 | - | - | 263,835 | 267,745 | - | (3,910) | 101.48% | 101.48% | |
| Agency Services | 24,000,000 | - | - | 24,000,000 | 25,469,094 | - | (1,469,094) | 106.12% | 106.12% | |
| Other Revenue | 1,332,750 | 420,099 | - | 1,752,849 | 1,280,089 | - | 472,760 | 73.03% | 96.05% | |
| Unamortised Discount - Interest | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Dividends Received | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Contributed PPE | - | - | - | - | 979,997 | - | (979,997) | 0.00% | 0.00% | |
| Gains on Disposal of PPE | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Total Revenue (excluding capital transfers and contributions) | 64,193,186 | 7,046,250 | - | 71,239,436 | 63,171,033 | - | 8,068,403 | 88.67% | 98.41% | |
| Expenditure by nature | | | | | | | | | | |
| Employee Related Costs | 12,884,143 | 432,000 | - | 13,316,143 | 12,389,387 | - | 926,756 | 93.04% | 96.16% | |
| Remuneration of Councillors | 3,125,177 | (325,177) | - | 2,800,000 | 2,758,255 | - | 41,745 | 98.51% | 88.26% | |
| Collection Costs | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Depreciation and Amortisation | 42,475 | 2,003,453 | - | 2,045,928 | 2,593,415 | (547,487) | (547,487) | 126.76% | 6105.74% | Assets Depreciate to Zero - Correction |
| Debt Impairment | 209,765 | 47,475 | - | 257,240 | 1,677,172 | (1,419,932) | (1,419,932) | 651.99% | 799.55% | I.R.O. Debtor Writeoffs |
| Asset Impairment | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Repairs and Maintenance | 716,800 | 110,000 | - | 826,800 | 465,962 | - | 360,838 | 56.36% | 65.01% | |
| Finance Charges | 50,000 | - | - | 50,000 | 812,733 | (762,733) | (762,733) | 1625.47% | 1625.47% | Finance Charges i.r.o. Post Retirement Benefits |
| Unamortised Discount - Interest | 241,296 | - | - | 241,296 | 129,850 | - | 111,446 | 0.00% | 0.00% | |
| Actuarial Losses | - | - | - | - | 1,962,038 | (1,962,038) | (1,962,038) | 0.00% | 0.00% | Actuarial Losses i.r.o. Post Retirement Benefits |
| Bulk Purchases | 1,513,200 | 180,000 | - | 1,693,200 | 1,936,596 | (243,396) | (243,396) | 114.37% | 127.98% | More Electricity was Purchased |
| Contracted Services | 605,020 | 200,000 | - | 805,020 | 768,047 | - | 36,973 | 95.41% | 126.95% | |
| Grants and Subsidies | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Operating Grant Expenditure | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| General Expenses | 35,818,206 | 8,248,426 | - | 44,066,632 | 37,200,539 | - | 6,866,093 | 84.42% | 103.86% | |
| Loss on Disposal of PPE | - | - | - | - | 954 | (954) | (954) | 0.00% | 0.00% | Disposal of Assets |
| Total Expenditure | 55,206,082 | 10,896,177 | - | 66,102,259 | 62,694,948 | (4,936,540) | 3,407,311 | 94.85% | 113.57% | |
| Surplus/(Deficit) | 8,987,104 | (3,849,927) | - | 5,137,177 | 476,085 | (4,936,540) | 4,661,092 | 9.27% | 5.30% | |
| Transfers recognised - Capital | (9,628,400) | 2,077,399 | - | (7,551,001) | (6,931,509) | - | (619,492) | 91.80% | 71.99% | MPCC transferred to next Financial Year |
| Contributions recognised - Capital & contributed assets | (343,400) | 37,500 | - | (305,900) | (127,304) | - | (178,596) | 41.62% | 37.07% | Improvement Building were transferred to next Financial Year |
| Offsetting Depreciation | 984,696 | 1,735,028 | - | 2,719,724 | 2,589,298 | - | 130,426 | 95.20% | 262.95% | Assets Depreciate to Zero - Correction |
| Surplus/(Deficit) after capital transfers & contributions | - | - | - | - | (3,993,431) | (4,936,540) | 3,993,431 | -100.00% | -100.00% | |

| DISCRPTION | 2010/2011 | | | | | | | | | |
|--|-------------------|---|--|-------------------|--------------------|--------------------------|--------------------|-------------------------------------|--|---|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Virements (i.t.o. Council approved by-law) | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Explanations of Unauthorised Expenditure |
| R thousands or R | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Share of surplus/(Deficit) of associate | - | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) for the year | - | - | - | - | (3,993,431) | (4,936,540) | 3,993,431 | -100.00% | -100.00% | |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | |
| Transfer recognised - capital | 9,285,000 | (2,039,899) | - | 7,245,101 | 7,028,191 | - | 216,910 | 97.01% | 75.69% | |
| Public contributions & donations | - | - | - | - | 979,997 | (979,997) | (979,997) | 0.00% | 0.00% | Contributed PPE |
| Borrowing | - | - | - | - | 208,381 | (208,381) | (208,381) | 0.00% | 0.00% | Finance Lease |
| Internally generated funds | 343,400 | (37,500) | - | 305,900 | 127,304 | - | 178,596 | 41.62% | 37.07% | |
| Total sources of capital funds | 9,628,400 | (2,077,399) | - | 7,551,001 | 8,343,873 | (1,188,378) | (792,872) | 110.50% | 86.66% | |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 1,578,050 | 1,578,050 | - | 1,578,050 | 2,366,283 | - | (788,233) | 149.95% | 149.95% | |
| Net cash from (used) investing | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Net cash from (used) financing | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Cash/cash equivalents at year end | 1,578,050 | 1,578,050 | - | 1,578,050 | 2,366,283 | - | (788,233) | 149.95% | 149.95% | |
| Expenditure by Vote | | | | | | | | | | |
| Executive & Council | 5,852,249 | 7,699 | - | 5,859,948 | 5,837,935 | - | (22,013) | 99.62% | 99.76% | |
| Budget & Treasury | 6,845,667 | 609,961 | - | 7,455,628 | 11,239,591 | (3,783,963) | 3,783,963 | 150.75% | 164.19% | Actuarial Losses i.r.o. Post Retirement Benefits & Additional Provision for Debt Impairment |
| Corporate Services | 9,785,463 | 5,721,236 | - | 15,506,699 | 8,984,281 | - | (6,522,418) | 57.94% | 91.81% | |
| Planning & Development | 2,864,649 | 1,105,851 | - | 3,970,500 | 2,577,570 | - | (1,392,930) | 64.92% | 89.98% | |
| Health | 1,978,130 | 1,518,809 | - | 3,496,939 | 2,772,998 | - | (723,941) | 79.30% | 140.18% | |
| Community & Social Services | 390,110 | 5,615 | - | 355,725 | 349,676 | - | (6,049) | 98.30% | 99.88% | |
| Housing | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Public Safety | 816,539 | 160,255 | - | 976,794 | 838,107 | - | (138,687) | 85.80% | 102.64% | |
| Sport & Recreation | 175,186 | 119,278 | - | 294,464 | 95,070 | - | (199,394) | 32.29% | 54.27% | |
| Environmental Protection | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Waste Management | 1,375,510 | 210,914 | - | 1,586,424 | 1,539,859 | - | (46,565) | 97.06% | 111.95% | |
| Waste Water Management | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Road Transport | 22,568,075 | 747,455 | - | 23,315,530 | 25,107,570 | (1,792,040) | 1,792,040 | 107.69% | 111.25% | Additional funds available from Department Transport |
| Water | 652,888 | 317,186 | - | 970,074 | 897,792 | - | (72,282) | 92.55% | 137.51% | |
| Electricity | 1,941,616 | 371,918 | - | 2,313,534 | 2,454,499 | (140,965) | 140,965 | 106.09% | 126.42% | Additional Electricity Purchases |
| Total Expenditure | 55,206,082 | 10,896,177 | - | 66,102,259 | 62,694,948 | (5,716,968) | (3,407,311) | 94.85% | 113.57% | |
| Capital Expenditure by Vote | | | | | | | | | | |
| Executive & Council | - | - | - | - | - | - | - | 0.00% | -100.00% | |
| Budget & Treasury | 100,000 | 164,900 | - | 264,900 | 112,222 | - | (152,678) | 42.36% | 112.22% | |
| Corporate Services | 1,900,000 | (686,552) | - | 1,213,448 | 1,996,583 | (783,135) | 783,135 | 164.54% | 105.08% | Contributed PPE |
| Planning & Development | 7,000 | 101,000 | - | 108,000 | 31,620 | - | (76,380) | 29.28% | -100.00% | |
| Health | 8,400 | (8,400) | - | - | - | - | - | 0.00% | -100.00% | |
| Community & Social Services | 24,000 | - | - | 24,000 | 24,272 | (272) | 272 | 101.13% | 101.13% | |
| Housing | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Public Safety | 22,000 | (22,000) | - | - | 203,651 | (203,651) | 203,651 | 0.00% | 925.69% | Budget as Operational Expenditure and not as Capital Expenditure |
| Sport & Recreation | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Environmental Protection | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Waste Management | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Waste Water Management | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Road Transport | 7,567,000 | (1,626,347) | - | 5,940,653 | 5,975,525 | (34,872) | 34,872 | 100.59% | 78.97% | Budget as Operational Expenditure and not as Capital Expenditure |
| Water | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Electricity | - | - | - | - | - | - | - | 0.00% | 0.00% | |
| Total Expenditure | 9,628,400 | (2,077,399) | - | 7,551,001 | 8,343,873 | (1,021,930) | 792,872 | 110.50% | 86.66% | |

APPENDIX A
CENTRAL KAROO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

| EXTERNAL LOANS | Rate | Loan Number | Redeemable | Balance at 30 JUNE 2010 | Received during the period | Redeemed written off during the period | Balance at 30 JUNE 2011 | Carrying Value of Property, Plant & Equipment | Other Costs in accordance with the MFMA |
|--------------------------------|------|-------------|------------|-------------------------|----------------------------|--|-------------------------|---|---|
| LONG-TERM LOANS | | | | | | | | | |
| Stock Loan | | | | - | - | - | - | - | - |
| Stock Loan | | | | - | - | - | - | - | - |
| Stock Loan | | | | - | - | - | - | - | - |
| Stock Loan | | | | - | - | - | - | - | - |
| Total Long-term Loans | | | | - | - | - | - | - | - |
| ANNUITY LOANS | | | | | | | | | |
| Sanlam | | | | - | - | - | - | - | - |
| DBSA | | | | - | - | - | - | - | - |
| DBSA | | | | - | - | - | - | - | - |
| DBSA | | | | - | - | - | - | - | - |
| Total Annuity Loans | | | | - | - | - | - | - | - |
| GOVERNMENT LOANS | | | | | | | | | |
| Other | | | | - | - | - | - | - | - |
| Total Government Loans | | | | - | - | - | - | - | - |
| LEASE LIABILITY | | | | | | | | | |
| Gestetner MP 6001 SP | | | | 0 | 208,381 | 16,661 | 191,720 | 184,070 | - |
| Xerox M151 | | | | 2,713 | - | 2,713 | (0) | - | - |
| Gestetner MPC 2500 | | | | 19,484 | - | 12,539 | 6,945 | 5,200 | - |
| Gestetner DSM 415P | | | | 6,244 | - | 3,678 | 2,565 | 1,637 | - |
| Gestetner MP 2000 SP | | | | 20,858 | - | 5,416 | 15,442 | 11,423 | - |
| Gestetner MP 161 SPF | | | | 9,026 | - | 2,324 | 6,702 | 4,918 | - |
| | | | | - | - | - | - | - | - |
| Total Lease Liabilities | | | | 58,324 | 208,381 | 43,331 | 223,374 | 207,248 | - |
| TOTAL EXTERNAL LOANS | | | | 58,324 | 208,381 | 43,331 | 223,374 | 207,248 | - |

APPENDIX B

CENTRAL KAROO DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

| | Cost/Revaluation | | | | | | | Accumulated Depreciation | | | | | | | Carrying Value | |
|------------------------------|-------------------|---------------------|---------------------------|------------------|--------------------|-----------|------------------------------|--------------------------|-------------------|---------------------|---------------------------|------------------|------------------|------------------------------|------------------|------------------|
| | Opening Balance | Correction of Error | Balance After Corrections | Additions | Under Construction | Disposals | Transfer to Assets Held Sale | Closing Balance | Opening Balance | Correction of Error | Balance After Corrections | Additions | Disposals Income | Transfer to Assets Held Sale | | Closing Balance |
| Land and Buildings | | | | | | | | | | | | | | | | |
| Land | 307,000 | - | 307,000 | - | - | - | 78,000 | 229,000 | - | - | - | - | - | - | - | 229,000 |
| Buildings | 3,206,733 | -235,000 | 2,971,733 | - | - | - | 490,808 | 2,480,925 | 1,369,263 | -187,180 | 1,182,083 | 108,431 | - | 235,785 | 1,054,729 | 1,426,196 |
| | 3,513,733 | -235,000 | 3,278,733 | - | - | - | 568,808 | 2,709,925 | 1,369,263 | -187,180 | 1,182,083 | 108,431 | - | 235,785 | 1,054,729 | 1,655,196 |
| Infrastructure | | | | | | | | | | | | | | | | |
| Electricity Network | 2,848,433 | - | 2,848,433 | - | - | - | 2,848,433 | - | 708,832 | - | 708,832 | 65,987 | - | 774,819 | - | - |
| Roads | 23,079,085 | - | 23,079,085 | 5,919,653 | - | - | 28,998,738 | - | 5,205,297 | -146,668 | 5,058,629 | 1,171,126 | - | 6,229,755 | - | - |
| Water Network | 7,916,915 | - | 7,916,915 | 457,269 | - | - | 8,374,184 | - | 1,792,754 | - | 1,792,754 | 351,399 | - | 2,144,153 | - | - |
| Tip Sites | 136,216 | - | 136,216 | - | - | - | 136,216 | - | 28,607 | - | 28,607 | 7,143 | - | 35,750 | - | - |
| Sewerage | 7,216,667 | - | 7,216,667 | - | - | - | 7,216,667 | - | 1,609,852 | - | 1,609,852 | 156,296 | - | 1,766,148 | - | - |
| Fencing | 99,946 | - | 99,946 | 400,000 | - | - | 499,946 | - | - | - | - | 20,282 | - | 20,282 | - | - |
| | 41,297,262 | - | 41,297,262 | 6,776,922 | - | - | 48,074,184 | - | 9,345,342 | -146,668 | 9,198,674 | 1,772,233 | - | 10,970,907 | - | - |
| Community Assets | | | | | | | | | | | | | | | | |
| Buildings | 4,807,061 | 235,000 | 5,042,061 | 762,708 | - | - | 4,773,345 | 1,031,424 | 138,316 | 109,667 | 247,983 | 66,845 | - | 237,378 | 77,450 | 953,974 |
| Recreational | 1,997,393 | - | 1,997,393 | - | - | - | 1,997,393 | - | 765,751 | - | 765,751 | 42,904 | - | 808,655 | - | - |
| | 6,804,454 | 235,000 | 7,039,454 | 762,708 | - | - | 6,770,738 | 1,031,424 | 904,067 | 109,667 | 1,013,734 | 109,749 | - | 1,046,033 | 77,450 | 953,974 |
| Heritage Assets | | | | | | | | | | | | | | | | |
| Historical Buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Painting & Art Galleries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total carried forward | 51,615,449 | - | 51,615,449 | 7,539,630 | - | - | 55,413,730 | 3,741,349 | 11,618,672 | -224,181 | 11,394,491 | 1,990,413 | - | 12,252,725 | 1,132,179 | 2,609,170 |

**APPENDIX B
CENTRAL KAROO DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

| | Cost | | | | | | | Accumulated Depreciation | | | | | | | Carrying Value | |
|--|-----------------|---------------------|---------------------------|-----------|--------------------|-----------|------------------------------|--------------------------|-----------------|---------------------|---------------------------|-----------|-----------|------------------------------|----------------|-----------------|
| | Opening Balance | Correction of Error | Balance After Corrections | Additions | Under Construction | Disposals | Transfer to Assets Held Sale | Closing Balance | Opening Balance | Correction of Error | Balance After Corrections | Additions | Disposals | Transfer to Assets Held Sale | | Closing Balance |
| Total brought forward | 51,615,449 | - | 51,615,449 | 7,539,630 | - | - | 55,413,730 | 3,741,349 | 11,618,672 | -224,181 | 11,394,491 | 1,990,413 | - | 12,252,725 | 1,132,179 | 2,609,170 |
| Housing Rental Stock | | | | | | | | | | | | | | | | |
| Housing Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Leased Assets (Infrastructure) | | | | | | | | | | | | | | | | |
| Sewerage Mains & Purify | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | | | | | | | | | | | | | | | |
| Machinery and Equipment | 743,468 | -80,409 | 663,059 | 229,358 | - | 9,159 | 139,840 | 743,418 | 567,357 | -156,488 | 410,869 | 80,553 | 9,159 | 88,262 | 394,001 | 349,417 |
| Furniture and Equipment | 1,070,239 | 138,172 | 1,208,411 | 456,904 | - | 4,677 | 390,124 | 1,270,514 | 798,196 | -7,131 | 791,065 | 165,086 | 4,623 | 152,499 | 799,029 | 471,485 |
| Office Equipment - Computers | 1,421,008 | -88,180 | 1,332,828 | 99,690 | - | 331,590 | 93,925 | 1,007,003 | 1,224,864 | -270,525 | 954,339 | 143,369 | 330,690 | 75,685 | 691,333 | 315,670 |
| Transport | 2,300,926 | 34,432 | 2,335,358 | - | - | - | 543,190 | 1,792,168 | 1,498,451 | -110,101 | 1,388,350 | 151,560 | - | 215,352 | 1,324,558 | 467,610 |
| Fire Arms | 355 | -355 | - | - | - | - | - | - | 355 | -355 | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 5,535,996 | 3,660 | 5,539,656 | 785,952 | - | 345,426 | 1,167,079 | 4,813,103 | 4,089,223 | -544,600 | 3,544,623 | 540,568 | 344,472 | 531,798 | 3,208,921 | 1,604,182 |
| Total Property, Plant and Equipment | 57,151,445 | 3,660 | 57,155,105 | 8,325,582 | - | 345,426 | 56,580,809 | 8,554,452 | 15,707,895 | -768,781 | 14,939,114 | 2,530,981 | 344,472 | 12,784,523 | 4,341,100 | 4,213,352 |
| Investment Property | | | | | | | | | | | | | | | | |
| Investment Property | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | | | | | | | | | | | | | | | |
| Computer Software | 344,349 | -3,990 | 340,359 | 18,291 | - | 112,506 | - | 246,144 | 213,738 | -28,326 | 185,412 | 62,434 | 112,506 | - | 135,340 | 110,804 |
| | 344,349 | -3,990 | 340,359 | 18,291 | - | 112,506 | - | 246,144 | 213,738 | -28,326 | 185,412 | 62,434 | 112,506 | - | 135,340 | 110,804 |
| Total | 57,495,794.00 | -330 | 57,495,464 | 8,343,873 | - | 457,932 | 56,580,809 | 8,800,596 | 15,921,633 | -797,107 | 15,124,526 | 2,593,415 | 456,978 | 12,784,523 | 4,476,440 | 4,324,156 |

APPENDIX C

CENTRAL KAROO DISTRICT MUNICIPALITY SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

| | Cost | | | | | | | | Accumulated Depreciation | | | | | Carrying Value | |
|--|------------|----------------------|------------|-----------|--------------|-----------|----------------|------------|--------------------------|----------------------|------------|-----------|-----------|----------------|------------|
| | Opening | Corrections | Restated | Additions | Under | Disposals | Residual Value | Closing | Opening | Corrections | Restated | Additions | Disposals | | Closing |
| | Balance | of error & Transfers | Balance | | Construction | | Disposals | Balance | Balance | of error & Transfers | Balance | | | | Balance |
| Concil | 431,611 | 5,881 | 437,492 | 23,583 | - | 1,500 | - | 459,575 | 251,779 | -62,447 | 189,332 | 44,508 | 1,225 | 232,615 | 226,960 |
| Executive & Council | 356,250 | 24,678 | 380,928 | 23,583 | - | - | - | 404,511 | 192,899 | -32,888 | 160,011 | 37,416 | - | 197,427 | 207,084 |
| Municipal Manager | 75,361 | -18,797 | 56,564 | - | - | 1,500 | - | 55,064 | 58,880 | -29,559 | 29,321 | 7,092 | 1,225 | 35,188 | 19,876 |
| Finance | 767,718 | 89,931 | 857,649 | 444,043 | - | 118,981 | - | 1,182,711 | 629,736 | 21,379 | 651,115 | 99,674 | 118,652 | 632,137 | 550,574 |
| Financial Services | 726,905 | 44,701 | 771,606 | 444,043 | - | 110,856 | - | 1,104,793 | 586,741 | 27,846 | 614,587 | 81,514 | 110,802 | 585,299 | 519,494 |
| Internal Audit | 40,813 | 45,230 | 86,043 | - | - | 8,125 | - | 77,918 | 42,995 | -6,467 | 36,528 | 18,160 | 7,850 | 46,838 | 31,080 |
| Corporate Services | 2,600,426 | -33,884 | 2,566,542 | 14,750 | - | 128,072 | - | 2,453,220 | 1,444,510 | -187,353 | 1,257,157 | 104,388 | 127,994 | 1,233,551 | 1,219,669 |
| Corporate Services | 2,600,426 | -33,884 | 2,566,542 | 14,750 | - | 128,072 | - | 2,453,220 | 1,444,510 | -187,353 | 1,257,157 | 104,388 | 127,994 | 1,233,551 | 1,219,669 |
| Planning & Development | 415,669 | -55,626 | 360,043 | - | - | 21,265 | - | 338,778 | 333,547 | -116,076 | 217,471 | 23,347 | 21,265 | 219,553 | 119,225 |
| Tourism | 26,324 | -1,495 | 24,829 | - | - | - | - | 24,829 | 18,526 | -1,677 | 16,849 | 3,537 | - | 20,386 | 4,443 |
| PIMMS | 264,894 | -35,564 | 229,330 | - | - | - | - | 229,330 | 192,524 | -77,026 | 115,498 | 13,446 | - | 128,944 | 100,386 |
| LED | 99,847 | -17,752 | 82,095 | - | - | 17,265 | - | 64,830 | 97,893 | -31,323 | 66,570 | 5,120 | 17,265 | 54,425 | 10,405 |
| PMU | 24,604 | -815 | 23,789 | - | - | 4,000 | - | 19,789 | 24,604 | -6,050 | 18,554 | 1,244 | 4,000 | 15,798 | 3,991 |
| Health | 409,687 | 7,281 | 416,968 | 12,897 | - | 31,786 | - | 398,079 | 271,285 | -48,855 | 222,430 | 27,313 | 31,624 | 218,119 | 179,960 |
| Environmental Health | 288,801 | -13,810 | 274,991 | - | - | 30,166 | - | 244,825 | 199,112 | -59,149 | 199,963 | 15,254 | 30,166 | 125,051 | 119,774 |
| Global Fund | 120,886 | 21,091 | 141,977 | 12,897 | - | 1,620 | - | 153,254 | 72,173 | 10,294 | 82,467 | 12,059 | 1,458 | 93,068 | 60,186 |
| Community & Social Services | 132,888 | 7,288 | 140,176 | 24,747 | - | - | - | 164,923 | 75,341 | -3,223 | 72,118 | 12,429 | - | 84,547 | 80,376 |
| Library | 132,888 | 7,288 | 140,176 | 24,747 | - | - | - | 164,923 | 75,341 | -3,223 | 72,118 | 12,429 | - | 84,547 | 80,376 |
| Public Safety | 2,165,980 | -163,992 | 2,001,988 | 38,344 | - | - | - | 2,040,332 | 1,316,995 | -166,420 | 1,150,575 | 172,160 | - | 1,322,735 | 717,597 |
| Public Safety | 2,165,980 | -163,992 | 2,001,988 | 38,344 | - | - | - | 2,040,332 | 1,316,995 | -166,420 | 1,150,575 | 172,160 | - | 1,322,735 | 717,597 |
| Sport & Recreation | 2,474,309 | - | 2,474,309 | - | - | - | - | 2,474,309 | 836,973 | 3,042 | 840,015 | 50,230 | - | 890,245 | 1,584,064 |
| Sport & Recreation | 2,474,309 | - | 2,474,309 | - | - | - | - | 2,474,309 | 836,973 | 3,042 | 840,015 | 50,230 | - | 890,245 | 1,584,064 |
| Swimming Pool | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental Protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste Management | 7,427,883 | - | 7,427,883 | - | - | - | - | 7,427,883 | 1,650,459 | -1,825 | 1,648,634 | 164,697 | - | 1,813,331 | 5,614,552 |
| Sewerage | 7,216,667 | - | 7,216,667 | - | - | - | - | 7,216,667 | 1,609,852 | - | 1,609,852 | 156,296 | - | 1,766,148 | 5,450,519 |
| Refuse | 211,216 | - | 211,216 | - | - | - | - | 211,216 | 40,607 | -1,825 | 38,782 | 8,401 | - | 47,183 | 164,033 |
| Road Transport | 24,620,130 | 87,808 | 24,707,938 | 6,834,512 | - | 43,822 | - | 31,498,628 | 5,819,880 | -218,918 | 5,600,962 | 1,315,686 | 43,712 | 6,872,936 | 24,625,692 |
| Roads | 873,775 | -656,005 | 217,770 | - | - | 43,822 | - | 173,948 | 522,781 | -376,272 | 146,509 | 21,665 | 43,712 | 124,462 | 49,486 |
| Public Works & Stormwater | 23,746,355 | 743,813 | 24,490,168 | 6,834,512 | - | - | - | 31,324,680 | 5,297,099 | 157,354 | 5,454,453 | 1,294,021 | - | 6,748,474 | 24,576,206 |
| Water | 7,957,611 | - | 7,957,611 | - | - | - | - | 7,957,611 | 1,818,849 | -3,824 | 1,815,025 | 319,007 | - | 2,134,032 | 5,823,579 |
| Water | 7,957,611 | - | 7,957,611 | - | - | - | - | 7,957,611 | 1,818,849 | -3,824 | 1,815,025 | 319,007 | - | 2,134,032 | 5,823,579 |
| Electricity | 3,596,146 | - | 3,596,146 | - | - | - | - | 3,596,146 | 900,778 | -637 | 900,141 | 82,931 | - | 983,072 | 2,613,074 |
| Electricity | 3,596,146 | - | 3,596,146 | - | - | - | - | 3,596,146 | 900,778 | -637 | 900,141 | 82,931 | - | 983,072 | 2,613,074 |
| Other | 4,151,387 | 58,974 | 4,210,361 | 932,706 | - | - | - | 5,143,067 | 357,763 | 16,376 | 374,139 | 114,611 | - | 488,750 | 4,654,317 |
| DMA Murraysburg | 4,151,387 | 58,974 | 4,210,361 | 932,706 | - | - | - | 5,143,067 | 357,763 | 16,376 | 374,139 | 114,611 | - | 488,750 | 4,654,317 |
| SUB TOTAL | 57,151,445 | 3,661 | 57,155,106 | 8,325,582 | - | 345,426 | - | 65,135,262 | 15,707,895 | -768,781 | 14,939,114 | 2,530,981 | 344,472 | 17,125,623 | 48,009,639 |
| INTANGIBLE ASSETS: | 344,349 | -3,990 | 340,359 | 18,291 | - | 112,506 | - | 246,144 | 213,738 | -28,326 | 185,412 | 62,434 | 112,506 | 135,340 | 110,804 |
| Finance | 344,349 | -3,990 | 340,359 | 18,291 | - | 112,506 | - | 246,144 | 213,738 | -28,326 | 185,412 | 62,434 | 112,506 | 135,340 | 110,804 |
| SUB TOTAL | 344,349 | -3,990 | 340,359 | 18,291 | - | 112,506 | - | 246,144 | 213,738 | -28,326 | 185,412 | 62,434 | 112,506 | 135,340 | 110,804 |
| TOTAL | 57,495,794 | -329 | 57,495,465 | 8,343,873 | - | 457,932 | - | 65,381,406 | 15,921,633 | -797,107 | 15,124,526 | 2,593,415 | 456,978 | 17,260,963 | 48,120,443 |

APPENDIX C
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011
GENERAL FINANCE STATISTICS CLASSIFICATION

| | Cost/Revaluation | | | | | | | Accumulated Depreciation | | | | | | Carrying Value |
|-----------------------------|-------------------|-------------------|-------------------|------------------|--------------|----------------|-------------------|--------------------------|-------------------|-------------------|------------------|----------------|-------------------|-------------------|
| | Opening | Correction of | Restated | Additions | Under | Disposals | Closing | Opening | Correction of | Restated | Additions | Disposals | Closing | |
| | Balance | error or Transfer | Balance | | Construction | | Balance | Balance | error or Transfer | Balance | | Income | Balance | |
| Executive & Council | 431,611 | 5,881 | 437,492 | 23,583 | - | 1,500 | 459,575 | 251,779 | (62,447) | 189,332 | 44,508 | 1,225 | 232,615 | 226,960 |
| Budget & Treasury Office | 767,718 | 89,931 | 857,649 | 444,043 | - | 118,981 | 1,182,711 | 629,736 | 21,379 | 651,115 | 99,674 | 118,652 | 632,137 | 550,574 |
| Corporate Services | 2,600,426 | (33,884) | 2,566,542 | 14,750 | - | 128,072 | 2,453,220 | 1,444,510 | (187,353) | 1,257,157 | 104,388 | 127,994 | 1,233,551 | 1,219,669 |
| Planning & Development | 415,669 | (55,626) | 360,043 | - | - | 21,265 | 338,778 | 333,547 | (116,076) | 217,471 | 23,347 | 21,265 | 219,553 | 119,225 |
| Health | 409,687 | 7,281 | 416,968 | 12,897 | - | 31,786 | 398,079 | 271,285 | (48,855) | 222,430 | 27,313 | 31,624 | 218,119 | 179,960 |
| Community & Social Services | 132,888 | 7,288 | 140,176 | 24,747 | - | - | 164,923 | 75,341 | (3,223) | 72,118 | 12,429 | - | 84,547 | 80,376 |
| Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public Safety | 2,165,980 | (163,992) | 2,001,988 | 38,344 | - | - | 2,040,332 | 1,316,995 | (166,420) | 1,150,575 | 172,160 | - | 1,322,735 | 717,597 |
| Sport & Recreation | 2,474,309 | - | 2,474,309 | - | - | - | 2,474,309 | 836,973 | 3,042 | 840,015 | 50,230 | - | 890,245 | 1,584,064 |
| Environmental Protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste Management | 7,427,883 | - | 7,427,883 | - | - | - | 7,427,883 | 1,650,459 | (1,825) | 1,648,634 | 164,697 | - | 1,813,331 | 5,614,552 |
| Waste Water Management | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Road Transport | 24,620,130 | 87,808 | 24,707,938 | 6,834,512 | - | 43,822 | 31,498,628 | 5,819,880 | (218,918) | 5,600,962 | 1,315,686 | 43,712 | 6,872,936 | 24,625,692 |
| Water | 7,957,611 | - | 7,957,611 | - | - | - | 7,957,611 | 1,818,849 | (3,824) | 1,815,025 | 319,007 | - | 2,134,032 | 5,823,579 |
| Electricity | 3,596,146 | - | 3,596,146 | - | - | - | 3,596,146 | 900,778 | (637) | 900,141 | 82,931 | - | 983,072 | 2,613,074 |
| Other | 4,151,387 | 58,974 | 4,210,361 | 932,706 | - | - | 5,143,067 | 357,763 | 16,376 | 374,139 | 114,611 | - | 488,750 | 4,654,317 |
| | 57,151,445 | 3,661 | 57,155,106 | 8,325,582 | - | 345,426 | 65,135,262 | 15,707,895 | (768,781) | 14,939,114 | 2,530,981 | 344,472 | 17,125,623 | 48,009,639 |
| - | | | | | | | | | | | | | | |
| INTANGIBLE ASSETS: | | | | | | | | | | | | | | |
| Budget & Treasury Office | 344,349 | -3,990 | 340,359 | 18,291 | 0 | 112,506 | 246,144 | 213,738 | -28,326 | 185,412 | 62,434 | 112,506 | 135,340 | 110,804 |
| SUB TOTAL | 344,349 | -3,990 | 340,359 | 18,291 | 0 | 112,506 | 246,144 | 213,738 | -28,326 | 185,412 | 62,434 | 112,506 | 135,340 | 110,804 |
| TOTAL | 57,495,794 | -329 | 57,495,465 | 8,343,873 | 0 | 457,932 | 65,381,406 | 15,921,633 | -797,107 | 15,124,526 | 2,593,415 | 456,978 | 17,260,963 | 48,120,443 |

APPENDIX D
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

| 2010 Actual Income R | 2010 Actual Expenditure R | 2010 Surplus/ (Deficit) R | | 2011 Actual Income R | 2011 Actual Expenditure R | 2011 Surplus/ (Deficit) R |
|-------------------------------|------------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 822,000 | 5,128,144 | (4,306,144) | Executive & Council | 915,000 | 5,837,935 | (4,922,935) |
| 14,492,076 | 9,465,286 | 5,026,790 | Budget & Treasury | 16,800,662 | 14,413,930 | 2,386,732 |
| 6,590,555 | 8,596,306 | (2,005,751) | Corporate Services | 5,985,742 | 9,757,758 | (3,772,015) |
| 8,069,582 | 1,700,883 | 6,368,699 | Planning & Development | 7,862,251 | 2,950,620 | 4,911,632 |
| 1,347,898 | 3,308,524 | (1,960,626) | Health | 796,865 | 2,780,324 | (1,983,459) |
| 85,045 | 301,865 | (216,820) | Community & Social Services | 64,613 | 349,676 | (285,063) |
| - | - | - | Housing | - | - | - |
| 188,252 | 738,393 | (550,141) | Public Safety | 446,674 | 838,107 | (391,432) |
| 3,173 | 141,618 | (138,445) | Sport & Recreation | 4,954 | 95,070 | (90,116) |
| - | - | - | Environmental Protection | - | - | - |
| 1,464,471 | 1,354,770 | 109,701 | Waste Management | 1,382,675 | 1,539,859 | (157,184) |
| - | - | - | Waste Water Management | - | - | - |
| 25,379,788 | 27,367,757 | (1,987,969) | Road Transport | 25,559,257 | 27,486,765 | (1,927,507) |
| 866,712 | 866,406 | 306 | Water | 897,816 | 897,792 | 24 |
| 1,801,599 | 1,801,209 | 390 | Electricity | 2,454,522 | 2,454,499 | 23 |
| | | | | | | |
| 61,111,151 | 60,771,161 | 339,990 | Sub Total | 63,171,033 | 69,402,335 | (6,231,302) |
| - | (6,782,858) | 6,782,858 | Less Inter-Departmental Charges | - | (6,707,386) | 6,707,386 |
| 61,111,151 | 53,988,303 | 7,122,848 | Total | 63,171,033 | 62,694,948 | 476,085 |
| | | | | | | |

APPENDIX E(1)
CENTRAL KAROO DISTRICT MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

| | 2011 Actual (R) | 2011 Budget (R) | 2011 Variance (R) | 2011 Variance (%) | Explanation of Significant Variances greater than 10% versus Budget |
|---|---------------------|---------------------|----------------------|----------------------|--|
| REVENUE | | | | | |
| Property Rates | (1,087,287) | (1,027,834) | (59,453) | 5.78% | National Parks were exempt |
| Government Grants and Subsidies | (30,801,063) | (40,316,906) | 9,515,843 | -23.60% | Less were utilised than budget for |
| Public Contributions and Donations | - | - | - | 0.00% | |
| Fines | (11,338) | (37,700) | 26,362 | -69.93% | Less were received than budget for |
| Third Party Payments | - | - | - | 0.00% | |
| Stock Adjustments | - | - | - | 0.00% | |
| Actuarial Gains | (90,816) | - | (90,816) | 100.00% | |
| Property Rates - Penalties & Collection | - | - | - | - | |
| Charges | (2,340) | - | (2,340) | -100.00% | Was not budget for |
| Service Charges | (2,883,468) | (3,533,212) | 649,744 | -18.39% | Less water were sold |
| Water Services Authority Contribution | - | - | - | 0.00% | |
| Rental of Facilities and Equipment | (80,334) | (107,100) | 26,766 | -24.99% | Less facilities were rented out |
| Interest Earned - External Investments | (217,463) | (200,000) | (17,463) | 8.73% | More investments were made |
| Interest Earned - Outstanding Debtors | - | - | - | 0.00% | |
| Licences and Permits | (267,745) | (263,835) | (3,910) | 1.48% | |
| Agency Services | - | - | - | - | More funds was made available from |
| | (25,469,094) | (24,000,000) | (1,469,094) | 6.12% | Province |
| Other Revenue | (1,280,089) | (1,752,849) | 472,760 | -26.97% | |
| Unamortised Discount - Interest | - | - | - | 0.00% | |
| Dividends Received | - | - | - | 0.00% | |
| Contributed PPE | (979,997) | - | (979,997) | 0.00% | |
| Gains on Disposal of PPE | - | - | - | 0.00% | |
| Total Revenue | (63,171,033) | (71,239,436) | 8,068,403 | -13% | |
| EXPENDITURE | | | | | |
| | | | | | Actuarial Loss was not budget for & |
| | | | | | Additional Contribution for Debt |
| Budget & Treasury | 14,413,930 | 10,629,967 | 3,783,963 | 35.60% | Impairment |
| Corporate Services | 3,627,320 | 3,736,290 | (108,970) | -2.92% | |
| Council | 4,202,873 | 4,312,625 | (109,752) | -2.54% | |
| Executive | 1,635,062 | 1,547,323 | 87,739 | 5.67% | |
| Health | 2,038,431 | 1,982,939 | 55,492 | 2.80% | |
| Comm & Soc (Libraries) | 349,676 | 355,725 | (6,049) | -1.70% | |
| Public Safety | 838,107 | 976,794 | (138,687) | -14.20% | Grant was used for Capital Expenditure |
| Planning & Development | 2,950,620 | 4,343,550 | (1,392,930) | -32.07% | EDA was not utilised in full |
| Sport & Recreational | 95,070 | 294,464 | (199,394) | -67.71% | Depreciation was less than budget for |
| Waste Water (Storm Water) | - | - | - | 0.00% | |
| Waste Water (Sewerage) | - | - | - | 0.00% | |
| Waste Management (Sanitation) | 1,539,859 | 1,586,424 | (46,565) | -0.18% | |
| | | | | | More funds was made available from |
| Road Transport | 27,486,765 | 26,055,530 | 1,431,235 | 147.54% | Province |
| Water | 897,792 | 970,074 | (72,282) | -3.12% | |
| Electricity (Distribution) | 2,454,499 | 2,313,534 | 140,965 | 0.00% | |
| Electricity (Street Lighting) | - | - | - | 0.00% | |
| Other | 6,872,330 | 13,800,161 | (6,927,831) | -101.83% | Conditional Grants was not utilised in full |
| Less Internal Charges | (6,707,386) | (6,803,141) | 95,755 | 0.14% | |
| Total Expenditure | 62,694,948 | 66,102,259 | (3,407,311) | -5.43% | |
| SURPLUS / (DEFICIT) FOR THE YEAR | (476,085) | (5,137,177) | 4,661,092 | -7.34% | |

APPENDIX E(1)
CENTRAL KAROO DISTRICT MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

| | 2011 Actual (R) | 2011 Budget (R) | 2011 Variance (R) | 2011 Variance (%) | Explanation of Significant Variances greater than 10% versus Budget |
|--|---------------------|---------------------|----------------------|----------------------|---|
| REVENUE | | | | | |
| Property Rates | (1,087,287) | (1,025,494) | (61,793) | 6.03% | |
| Government Grants and Subsidies | (30,801,063) | (40,316,906) | 9,515,843 | -23.60% | Less were utilised than budget for |
| Public Contributions and Donations | - | - | - | 0.00% | |
| Fines | (11,338) | (37,700) | 26,362 | -69.93% | Less were received than budget for |
| Third Party Payments | - | - | - | 0.00% | |
| Stock Adjustments | - | - | - | 0.00% | |
| Actuarial Gains | (90,816) | - | (90,816) | 0.00% | |
| Property Rates - Penalties & Collection Charges | (2,340) | (2,340) | - | 0.00% | |
| Service Charges | (2,883,468) | (3,533,212) | 649,744 | -18.39% | Less water & Electricity were sold |
| Water Services Authority Contribution | - | - | - | 0.00% | |
| Rental of Facilities and Equipment | (80,334) | (107,100) | 26,766 | -24.99% | Less facilities were rented out |
| Interest Earned - External Investments | (217,463) | (200,000) | (17,463) | 8.73% | More investements were made |
| Interest Earned - Outstanding Debtors | - | - | - | 0.00% | |
| Licences and Permits | (267,745) | (263,835) | (3,910) | 1.48% | |
| Agency Services | | | | | More funds was made available from |
| | (25,469,094) | (24,000,000) | (1,469,094) | 6.12% | Province |
| Other Revenue | (1,280,089) | (1,752,849) | 472,760 | -26.97% | Less were received than budget for |
| Unamortised Discount - Interest | - | - | - | 0.00% | |
| Dividends Received | - | - | - | 0.00% | |
| Contributed PPE | (979,997) | - | (979,997) | -100.00% | Was not budget for |
| Gains on Disposal of PPE | - | - | - | 0.00% | |
| Total Revenue | (63,171,033) | (71,239,436) | 8,068,403 | -12.77% | |
| EXPENDITURE | | | | | |
| Executive & Council | 5,837,935 | 5,859,948 | (22,013) | -0.38% | |
| | | | | | Actuarial Loss was not budget for & Additional Contribution for Debt |
| Budget & Treasury | 14,413,930 | 10,629,967 | 3,783,963 | 35.60% | Impairment |
| Corporate Services | 9,757,758 | 15,740,699 | (5,982,941) | -38.01% | Conditional Grants was not utilised in full |
| Planning & Development | 2,950,620 | 4,343,550 | (1,392,930) | -32.07% | EDA was not utilised in full |
| Health | 2,780,324 | 3,778,691 | (998,367) | -26.42% | |
| Community & Social Services | 349,676 | 355,725 | (6,049) | -1.70% | |
| Housing | - | - | - | 0.00% | |
| Public Safety | 838,107 | 976,794 | (138,687) | -14.20% | Grant was used for Capital Expenditure |
| Sport & Recreation | 95,070 | 294,464 | (199,394) | -67.71% | Depreciation was less than budget for |
| Environmental Protection | - | - | - | 0.00% | |
| Waste Management | 1,539,859 | 1,586,424 | (46,565) | -2.94% | |
| Waste Water Management | - | - | - | 0.00% | |
| | | | | | More funds was made available from |
| Road Transport | 27,486,765 | 26,055,530 | 1,431,235 | 5.49% | Province |
| Water | 897,792 | 970,074 | (72,282) | -7.45% | |
| Electricity | 2,454,499 | 2,313,534 | 140,965 | 6.09% | |
| Less: Interdepartmental Charges | (6,707,386) | (6,803,141) | 95,755 | -1.41% | |
| Total Expenditure | 62,694,948 | 66,102,259 | (3,407,311) | -5.43% | |
| SURPLUS / (DEFICIT) FOR THE YEAR | (476,085) | (5,137,177) | 4,661,092 | -7.34% | |

APPENDIX E (2)
CENTRAL KAROO DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
MUNICIPAL VOTES CLASSIFICATION

| | 2011 Actual | 2011 Under Construction | 2011 Total Additions | 2011 Budget | 2011 Variance | 2011 Variance | Explanation of Significant Variances greater than 5% versus Budget |
|------------------------------|------------------|-------------------------------|----------------------------|------------------|------------------|------------------|---|
| | R | R | R | R | R | % | |
| Budget & Treasury | 112,222 | - | 112,222 | 264,900 | (152,678) | -57.64% | Transferred to next Financial Year |
| Corporate Services | 243,381 | - | 243,381 | - | 243,381 | -100.00% | Contributed PPE |
| Executive | 0 | - | - | - | - | 0.00% | |
| Health | 0 | - | - | - | - | 0.00% | |
| Comm & Soc (Libraries) | 24,272 | - | 24,272 | 24,000 | 272 | 1.13% | |
| Comm & Soc (Halls & Faciliti | 0 | - | - | - | - | 0.00% | |
| Comm & Soc (Cemeteries) | 0 | - | - | - | - | 0.00% | |
| Housing | 0 | - | - | - | - | 0.00% | |
| Public Safety | 203,651 | - | 203,651 | - | 203,651 | -100.00% | Was budget as Operational & not Capital |
| Planning & Development | 31,620 | - | 31,620 | 108,000 | (76,380) | -70.72% | EDA funds were not utilised in full |
| Sport & Recreational | 0 | - | - | - | - | 0.00% | |
| Waste Water (Storm Water) | 0 | - | - | - | - | 0.00% | |
| Waste Water (Sewerage) | 0 | - | - | - | - | 0.00% | |
| Road Transport | 5,975,525 | - | 5,975,525 | 5,940,653 | 34,872 | 0.59% | |
| Electricity (Distribution) | 0 | - | - | - | - | 0.00% | |
| Water (Distribution) | 0 | - | - | - | - | 0.00% | |
| DMA Other | 944,997 | - | 944,997 | - | 944,997 | -100.00% | Contributed PPE |
| Other | 808,205 | - | 808,205 | 1,213,448 | (405,243) | -33.40% | Transferred to next Financial Year |
| Total | 8,343,873 | - | 8,343,873 | 7,551,001 | 792,872 | 10.50% | 94.76% |

APPENDIX F
CENTRAL KAROO DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

| Grant Description | Balance 1 JULY 2010 | Internal Transfer | Expenditure Against Fund | Restated balance 1 JULY 2010 | Contributions during the year | Interest on Investments | Other Income | Operating Expenditure during the year Transferred to Revenue | Capital Expenditure during the year Transferred to Revenue | Balance 30 JUNE 2011 | Unspent 30 JUNE 2011 (Creditor) | Unpaid 30 JUNE 2011 (Debtor) |
|----------------------------------|------------------------|----------------------|--------------------------------|------------------------------------|----------------------------------|----------------------------|-----------------|--|--|-------------------------|---------------------------------------|------------------------------------|
| | R | | | | R | R | R | R | R | R | R | R |
| TRUST FUNDS | | | | | | | | | | | | |
| Finance Management Grant | - | - | - | - | 1,000,000 | - | - | 1,000,000 | - | - | - | - |
| ISRDS | 269,677 | - | - | 269,677 | - | - | - | 49,549 | - | 220,128 | 220,128 | - |
| MSIG | - | - | - | - | 750,000 | - | - | 750,000 | - | - | - | - |
| IDP Trust | 211,393 | (1,946) | - | 209,447 | - | - | - | - | - | 209,447 | 209,447 | - |
| Spatial Development Grant | 408,328 | - | - | 408,328 | - | - | - | 276,162 | - | 132,166 | 132,166 | - |
| DWAF Grant | 67,793 | (67,793) | - | - | - | - | - | - | - | - | - | - |
| Murraysburg Trust | - | - | - | - | - | - | - | - | - | - | - | - |
| Tourism ITDF | - | - | - | - | - | - | - | - | - | - | - | - |
| Tourism Plan | - | - | - | - | - | - | - | - | - | - | - | - |
| Tourism Biosfeer | 112,903 | - | - | 112,903 | - | - | - | 110,465 | - | 2,438 | 2,438 | - |
| Tourism Sustainability | 156,077 | - | - | 156,077 | - | - | - | 1,186 | - | 154,891 | 154,891 | - |
| Tourism Develop Rural Area | 14,783 | - | - | 14,783 | - | - | - | - | - | 14,783 | 14,783 | - |
| Department of the Premier | 6,009 | - | - | 6,009 | - | - | - | - | - | 6,009 | 6,009 | - |
| Renewal Projects | 18,036 | - | - | 18,036 | - | - | - | 3,055 | - | 14,981 | 14,981 | - |
| Work for Water Project | -376,175 | - | - | (376,175) | 2,397,348 | - | - | 2,467,100 | - | -445,927 | - | (445,927) |
| Work for Water Project Advance | 524,243 | - | (80,871) | 443,372 | - | - | - | - | - | 443,372 | 443,372 | - |
| Disaster Management Centre | 175,748 | - | - | 175,748 | 333,000 | - | - | 213,023 | 203,651 | 92,074 | 92,074 | - |
| Community Development Workers | -29,338 | 69,739 | - | 40,401 | 100,000 | - | - | 140,401 | - | - | - | - |
| Housing Project | - | - | - | - | - | - | - | - | - | - | - | - |
| Multi Purpose Centre | 693,448 | - | - | 693,448 | 2,160,000 | - | - | 23,751 | 808,205 | 2,021,492 | 2,021,492 | - |
| Tourism Projects | - | - | - | - | - | - | - | - | - | - | - | - |
| Municipal Infrastructure Grant | 261,524 | - | - | 261,524 | 5,101,888 | - | - | - | 5,363,412 | - | - | - |
| Global Fund | 283,593 | - | - | 283,593 | - | - | - | 4,339 | - | 279,254 | 279,254 | - |
| Global Fund Projects | -46,805 | - | - | (46,805) | 582,428 | - | - | 656,751 | - | -121,128 | - | (121,128) |
| Roads Agency Services | 1,627,827 | - | - | 1,627,827 | 26,770,565 | - | 90,163 | 25,469,094 | - | 3,019,461 | 3,019,461 | - |
| Nutrition Scheme | -7,150 | - | - | (7,150) | 81,329 | - | - | 80,582 | - | -6,403 | - | (6,403) |
| Major Road 58/1 | - | - | - | - | - | - | - | - | - | - | - | - |
| Plant Account | - | - | - | - | - | - | - | - | - | - | - | - |
| Mechanical Replacement | 131,590 | - | (131,590) | - | - | - | - | - | - | - | - | - |
| Dept.Social Services | - | - | - | - | - | - | - | - | - | - | - | - |
| Primary Health Care | -3,142 | - | - | (3,142) | - | - | - | - | - | -3,142 | - | (3,142) |
| EDA | - | - | - | - | 373,689 | - | - | 431,736 | 31,620 | -89,667 | - | (89,667) |
| Ambulance Subsidies | -359 | - | - | (359) | 2,958 | - | - | 10,986 | - | -8,387 | - | (8,387) |
| VAT Projects | 929,291 | - | - | 929,291 | - | - | - | - | 929,291 | - | - | - |
| Equitable Share | - | - | - | - | 15,756,373 | - | - | 15,756,373 | - | - | - | - |
| Dept. Local Government & Housing | -248,400 | - | - | (248,400) | 1,000,000 | - | - | 251,600 | - | 500,000 | 500,000 | - |
| DWAF Projects | 1,000,000 | - | - | 1,000,000 | 500,000 | - | - | 1,237,825 | - | 262,175 | 262,175 | - |
| Total | 6,180,894 | - | (212,461) | 5,968,433 | 56,909,578 | - | 90,163 | 48,933,978.00 | 7,336,179.00 | 6,698,017 | 7,372,671 | (674,654) |

AFWYKINGS LYS VANAF 01 JULIE 2010 TOT 28 FEBRUARIE 2011.

| TJEK NO | VERSKAFFER | BEDRAG | GOEDGEKEUR | DATUM | RAAD |
|---------|------------------------|-------------------|------------|------------|----------------------|
| 38378 | Besters Auto | 39,039.59 | MM | 27/08/2010 | Raad verg 25/02/2011 |
| 39220 | Pex Hydraulics | 11,288.02 | NW Nortje | 04/10/2010 | Raad verg 25/02/2011 |
| 39217 | Northfield Engineering | 12,550.67 | MM | 30/09/2010 | Raad verg 25/02/2011 |
| 38474 | Omnistar | 1,590.30 | MM | 30/08/2010 | Raad verg 25/02/2011 |
| 38749 | Marius Vivier | 17,747.18 | MM | 29/09/2010 | Raad verg 25/02/2011 |
| 38725 | Omnistar | 1,142.28 | MM | 13/09/2010 | Raad verg 25/02/2011 |
| 39561 | Bearing & Allied | 3,585.30 | MM | 28/10/2010 | Raad verg 25/02/2011 |
| 39475 | Motor Clinic | 3,970.01 | MM | 22/10/2010 | Raad verg 25/02/2011 |
| 39535 | WCC Cables | 2,148.09 | MM | 26/10/2010 | Raad verg 25/02/2011 |
| 39349 | Ubertech | 8,949.00 | NW Nortje | 08/10/2010 | Raad verg 25/02/2011 |
| 39325 | Pop Inn | 150.00 | MM | 29/09/2010 | Raad verg 25/02/2011 |
| 38986 | Global Insight | 49,362.00 | MM | 30/08/2010 | Raad verg 25/02/2011 |
| 41151 | De Jager Loodg | 765.40 | MM | 25/01/2011 | Raad verg 25/02/2011 |
| 40923 | Bwes Verkoeling | 882.36 | MM | 25/01/2011 | Raad verg 25/02/2011 |
| 40843 | Karoo Motors | 3,311.70 | MM | 10/01/2011 | Raad verg 25/02/2011 |
| 41084 | Airpark Bwes | 1,160.00 | MM | 06/12/2010 | Raad verg 25/02/2011 |
| 40588 | Airpark Bwes | 2,733.20 | MM | 06/12/2010 | Raad verg 25/02/2011 |
| 39483 | De Jager Loodg | 1,611.95 | MM | 14/10/2010 | Raad verg 25/02/2011 |
| 39518 | Lynn Schroeder | 4,333.13 | MM | 22/10/2010 | Raad verg 25/02/2011 |
| 39519 | Budcro Mechanical | 174.42 | MM | 26/10/2010 | Raad verg 25/02/2011 |
| 40510 | Leesar | 27,200.40 | MM | 15/12/2010 | Raad verg 25/02/2011 |
| 40425 | Bwes Verkoeling | 644.36 | MM | 06/12/2010 | Raad verg 25/02/2011 |
| 40318 | DH de Jager | 13,935.40 | MM | 15/12/2010 | Raad verg 25/02/2011 |
| 40357 | Group Editors | 4,975.80 | MM | 06/12/2010 | Raad verg 25/02/2011 |
| 40359 | Herrie | 840.00 | MM | 06/12/2010 | Raad verg 25/02/2011 |
| 40059 | Pienaar Broers | 2,668.85 | MM | 19/11/2010 | Raad verg 25/02/2011 |
| 39942 | Beaufort Alarms | 3,116.75 | MM | 29/09/2010 | Raad verg 25/02/2011 |
| 40008 | Kudu nissan | 3,539.55 | MM | 19/11/2010 | Raad verg 25/02/2011 |
| 39778 | De Jager Loodg | 671.50 | MM | 09/11/2010 | Raad verg 25/02/2011 |
| 39782 | Kruiper Spares | 13,771.20 | MM | 26/10/2010 | Raad verg 25/02/2011 |
| 39836 | Mega Roller Shutter | 16,387.50 | MM | 16/11/2010 | Raad verg 25/02/2011 |
| 39838 | Noxee Catering | 5,040.00 | JH Theron | 17/11/2010 | Raad verg 25/02/2011 |
| 39688 | Eden Bloemiste | 350.00 | MM | 02/11/2010 | Raad verg 25/02/2011 |
| 39699 | Medi Flora | 250.00 | MM | 09/11/2010 | Raad verg 25/02/2011 |
| 39595 | Hoistec Engineering | 40,000.03 | MM | 28/10/2010 | Raad verg 25/02/2011 |
| 39018 | American Swiss | 1,999.00 | MM | 06/07/2010 | Raad verg 25/02/2011 |
| 39024 | RMD Willis | 6,249.00 | MM | 07/06/2010 | Raad verg 25/02/2011 |
| | BKS | 271,504.00 | MM | 14/10/2010 | Raad verg 25/02/2011 |
| | | 579,637.94 | | | |

AFWYKINGS LYS VANAF 01 MAART 2011 TOT 30 JUNIE 2011.

| TJEK NO | VERSKAFFER | BEDRAG | GOEDGEKEUR | DATUM | RAAD |
|---------|-------------------------|---------------------|------------|------------|-------------------|
| 41388 | Beaufort Electric | 1,452.20 | MM | 20/01/2011 | Burgem 23/06/2011 |
| 41328 | G Ben | 1,200.00 | MM | 23/02/2011 | Burgem 23/06/2011 |
| 41523 | J Jonas | 1,400.00 | MM | 01/03/2011 | Burgem 23/06/2011 |
| 41511 | TG Elektries | 105,445.44 | MM | 28/02/2011 | Burgem 23/06/2011 |
| 41515 | A Hollander | 2,652.78 | MM | 01/03/2011 | Burgem 23/06/2011 |
| 41798 | Airpark B West CC | 580.00 | MM | 06/12/2010 | Burgem 23/06/2011 |
| 42018 | Pop In | 225.00 | MM | 23/03/2011 | Burgem 23/06/2011 |
| 62 | Electrical Motor rewind | 17,127.67 | MM | 04/03/2011 | Burgem 23/06/2011 |
| 68 | Teleray CC | 3,357.30 | MM | 05/04/2011 | Burgem 23/06/2011 |
| 42045 | Hoistec Engineering | 31,190.78 | NW Nortje | 07/04/2011 | Burgem 23/06/2011 |
| 115 | Tri-Cor signs sa | 129,077.64 | MM | 14/04/2011 | Burgem 23/06/2011 |
| 105 | HPE Technologies CC | 38,751.48 | MM | 14/04/2011 | Burgem 23/06/2011 |
| 104 | Erasmus Tyre Serv | 102,572.99 | MM | 05/04/2011 | Burgem 23/06/2011 |
| 102 | Cape Otto Signs | 102,112.08 | MM | 12/04/2011 | Burgem 23/06/2011 |
| 118 | Electrical Motor Rew | 41,402.96 | MM | 06/04/2011 | Burgem 23/06/2011 |
| 130 | B-wes Verspreiders | 82,867.32 | MM | 12/04/2011 | Burgem 23/06/2011 |
| 42270 | RB vd Ahee | 13,680.00 | MM | 21/04/2011 | Burgem 23/06/2011 |
| 42297 | RB vd Ahee | 3,420.00 | MM | 04/05/2011 | Burgem 23/06/2011 |
| 148 | Airpak B-west CC | 1,340.00 | MM | 06/12/2010 | Burgem 23/06/2011 |
| 174 | Asnapp | 35,101.90 | MM | 16/05/2011 | Burgem 23/06/2011 |
| 176 | Combinde Systems | 78,682.29 | MM | 14/02/2011 | Burgem 23/06/2011 |
| 42592 | Mburg Groentetuin | 500.00 | MM | 30/05/2011 | Burgem 23/06/2011 |
| 261 | Auto Mechanical | 1,903.00 | MM | 15/06/2011 | Burgem 23/06/2011 |
| | | 796,042.83 | | | |
| | | 1,375,680.77 | | | |

| ALLEEN VERSKAFFERS | 2010/2011 | ADRESSE |
|------------------------------------|---------------------|-------------------------------------|
| BREDEVALLEI ULTRA CITY | 16,189.65 | POSBUS 1298 WORCESTER 6849 |
| COASTAL HIRE/KARROO HIRE | 22,899.00 | POSBUS 991 OUDTSHOORN 6620 |
| AFROX | 17,762.26 | POSBUS 207 GERMISTON 1400 |
| DONKIN MOTORS | 260,847.37 | POSBUS 26 B-WES 6970 |
| HOOFWEG MOTORS | - | PRINCE ALBERT ROAD P/ALBERT 6930 |
| WURTH SA | 9,466.56 | POSBUS 616 ISANDO 1600 |
| JUTA | 1,804.10 | POSBUS 14373 LANDSDOWN 7779 |
| LEXIS NEXIS | 9,869.33 | POSBUS 792 DURBAN 4000 |
| KLEIN KAROO KOOPERASIE | 6,885.38 | POSBUS 241 OUDTSHOORN 6620 |
| NATIONAL GARAGE | 44,869.37 | ADDERLEYSTR. 1 P/ALBERT 6930 |
| PRINS ALBERT MOTORS | 1,021.44 | ADDERLEYSTR. 1 P/ALBERT 6930 |
| THE WORKSHOP | 18,236.63 | BEAUFORTSTR. 39 M/BURG 6995 |
| MURRAYSBURG VULSTASIE | 509,341.27 | POSBUS 331 M/BURG 6995 |
| KAROO VLEISBOERE | 224,234.72 | POSBUS 390 M/BURG 6995 |
| KAROO MOTORS (BANDE) | 18,222.67 | POSBUS 36 L/BURG 6900 |
| KAROO MOTORS (WERKSWINKEL) | 54,488.44 | POSBUS 36 L/BURG 6900 |
| KOUP PRODUSENTE | 5,245.46 | POSBUS 19 L/BURG 6900 |
| VICTORS GARAGE | 102,122.58 | POSBUS 7 MERWEVILLE 6940 |
| RUBBERMAN | 2,726.90 | ALBERTSTR 61 GEORGE 6530 |
| PROPSHAFT ENGINEERING | 12,177.48 | POSBUS 2642 GEORGE 6530 |
| LITHOTECH | 3,191.43 | POSBUS 4053 KORSTEN 6014 |
| GRAAFF REINET ADVERTISER | 16,673.16 | POSBUS 31 GRAAF-REINET 6280 |
| SANITECH | 16,190.28 | POSBUS 12706 JACOBS 4026 |
| SPOT ON DEALS | 1,275.00 | POSBUS 631 B-WES 6970 |
| TIME FREIGHT | 9,515.26 | POSBUS 11441 DORPSPRUIT 3206 |
| NPS COURIERS | 2,549.28 | POSBUS 1108 B/WES 6970 |
| THE COURIER & FREIGHT GROUP | 12,265.43 | P O BOX 1241 PORT ELIZABETH 6000 |
| SUN COURIERS | 20,842.16 | POSBUS 7080 ROGGEBAAI 6012 |
| ADLEM VERVOER CC (MASADA COURIERS) | 18,118.62 | POSBUS 931 OUDTSHOORN 6620 |
| B/WES ALARMS | 23,321.77 | DONKINSTR. 59 B-WES 6970 |
| TELERAY CC | 12,726.96 | POSBUS 34558 NEWTON PARK 6055 |
| TAC | 700.00 | POSBUS 594 GRAAF-REINET 6280 |
| KUDU NISSAN | 3,668.70 | POSBUS 399 GRAAFF-REINET 6280 |
| ELSTER KENT METERING | 434.51 | BOX 201 AUCKLAND PARK 2001 |
| PG GLASS | 33,829.74 | NUWESTR. 99 B-WES 6970 |
| WINSTON LINFORD MOTORS | 1,690.62 | POSBUS 999 OUDTSHOORN 6620 |
| CONLOG | 16,032.23 | POSBUS 2332 DURBAN 4000 |
| B/WES PRESISIE MOTORINGENIEURS | 47,952.91 | POSBUS 260 B/WES 6970 |
| PF ELEKTRIES | 1402.20 | VAN RIEBEECKSTRAAT 40 L/BURG 6900 |
| GROUP EDITORS | 4975.80 | POSBUS 806 GEORGE 6530 |
| PAYDAY | 8591.26 | POSBUS 75189 LYNNWOOD RIDGE 0040 |
| HERRIE | 840.00 | POSBUS 345 OUDTSHOORN 6620 |
| KAROO FIRE | 23836.00 | POSBUS 1038 B/WES 6970 |
| DIESEL ELECTRIC | 0.00 | POSBUS 3057 GEORGE 6536 |
| ROCLA | 27058.31 | POSBUS 252 DE AAR 7000 |
| HOISTEC ENGINEERING | 91791.18 | POSBUS 3418 GEORGE 6536 |
| ELECTRICAL MOTOR REWINDERS | 79438.47 | FABRIEKSTRAAT 11 GRAAFF REINET 6280 |
| MC ELLIS | 1695.00 | BIRDSTRAAT 53 B/WES 6970 |
| HUMAN COMMUNICATIONS | 45184.47 | POSBUS 1305 RIVONIA 2128 |
| DIE COURIER | 93055.75 | POSBUS 64 B/WES 6970 |
| J & E COMMUNICATIONS | 19827.11 | POSBUS 874 OUDTSHOORN 6620 |
| JINEL BRANDSTOF | 104203.00 | POSBUS 71 L/BURG 6900 |
| B/WES VERKOELING | 13950.92 | POSBUS 1130 B/WES 6970 |
| NIECOR ELEKTRIES & VERKOELING | 1127.54 | ODENDALSTRAAT 1 P/ALBERT 6930 |
| NEL'S TRUCK | 9120.05 | POSBUS 1108 B/WES 6970 |
| OUTENIQUA LAB | 128607.46 | POSBUS 3186 GEORGE INDUSTRIA 6536 |
| BUDCRO | 964.27 | POSBUS 741 GRAAFF REINET 6280 |
| B/WES VERSPREIDERS | 354468.10 | VOORTREKKERSTRAAT 2 B/WES |
| | 2,589,525.56 | |

| AGENTE | 2010/2011 | ADRESSE |
|-----------------------------------|---------------------|---------------------------------------|
| CP NEL DELTA | 56,982.11 | POSBUS 177 OUDTSHOORN 6620 |
| COMPACTION & INDUSTRIAL EQUIPMENT | 23,765.06 | POSBUS 15 SANLAMHOF 7532 |
| DIGICORE | - | POSBUS 1203 GEORGE 6530 |
| ELB | 61,918.77 | POSBUS 266 EPPINDUST 7475 |
| AFINTAPART | 43,641.73 | POSBUS 36941 CHEMPET 7442 |
| BEARING & ALLIED SALES | 8,887.90 | POSBUS 23084 GEORGE INDUSTRIA 6531 |
| BARLOWORLD | 384,576.43 | POSBUS 332 KASSELSVLEI BELLVILLE 7535 |
| DEPT VAN VERVOER & OPENBARE WERKE | 49,582.37 | PRIVAATSAK X2 KASSELSVLEI 7533 |
| BELL EQUIPMENT | 38,373.62 | POSBUS 162 EPPINDUST 7475 |
| BABCOCK | 57,055.79 | PRIVAATSAK X1 EAST RAND 1462 |
| SCAW METALS | 5,277.74 | POSBUS 61721 MARSHALTOWN GAUTENG 2107 |
| IMPERIAL TRUCKS | 11,877.90 | POSBUS 777 PAROW 7499 |
| IAN DICKIE | 9,691.14 | POSBUS 103 EPPINDUST 7475 |
| KLEIN KAROO TOYOTA | - | POSBUS 102 OUDTSHOORN 6620 |
| KOMATSU | 445,120.40 | POSBUS 137 BELLVILLE 7535 |
| TRENTYRE | 147,375.82 | DONKINSTR. 9 B-WES 6970 |
| OUDTSHOORN NISSAN | 25,869.62 | POSBUS 1135 OUDTSHOORN 6620 |
| WEARCHECK | 22,003.54 | POSBUS 15108 WESTMEAD 3608 |
| VISSERS ENGINEERING | 45,016.32 | POSBUS 688 WORCESTER 6849 |
| AAD | 545,067.53 | POSBUS 462 EPPINDUST 7475 |
| B/WES TOYOTA | 5,430.16 | POSBUS B-WES 6970 |
| BESTERS GARAGE | 45,465.64 | POSBUS 77 VICTORIA-WES 7070 |
| CAPE OTTO SIGNS | 115,250.58 | POSBUS 563 BRACKENFELL 7561 |
| SIMPLEX TIME RECODERS | 387.60 | POSBUS 405 MILNERTON 7435 |
| HALFWAY TOYOTA (LOERIE TOYOTA) | 74584.45 | POSBUS 415 GEORGE 6530 |
| AGRICO | 0.00 | POSBUS 211 LICHTENBURG |
| BM POWER | 163.13 | POSBUS 115 MAITLAND 7404 |
| HITACHI | 0.00 | POSBUS 407 SANLAMHOF 7532 |
| MARTIN TRAILER COMPANY | 2450.09 | POSBUS 16291 LEONDALE |
| TURNER MORRIS | 0.00 | POSBUS 517 PAARDEN EILAND |
| VI INSTRUMENTS | 3946.11 | POSBUS 3803 JOHANNESBURG 2000 |
| | 2,229,761.55 | |

| ROTEER | 2010/2011 | ADRESSE |
|-------------------------------|-------------------|------------------------------|
| SP LOODGIETERS/SP BERGH | 5228.25 | POSBUS 619 B/WES 6970 |
| DE JAGER LOODGIETERS | 13741.30 | POSBUS 1297 B/WES 6970 |
| KAY'S ALG HANDELAAR | 12402.53 | POSBUS 360 MURRAYSBURG 6995 |
| INYAMA RAMA | 3299.60 | POSBUS 441 MURRAYSBURG 6995 |
| VICTORY HILL SUPERMARK | 3410.45 | POSBUS 319 MURRAYSBURG 6995 |
| BOLAND HYDRAULICS | 22953.49 | POSBUS 5117 WORCESTER 6849 |
| CB ELEKTRIES | 618.72 | POSBUS 244 B/WES 6970 |
| BEAUFORT ELECTRIC | 7974.25 | POSBUS 109 B/WES 6970 |
| MOTOLEK | 20743.41 | POSBUS 385 B/WES 6970 |
| SHOPRITE B/WES | 16590.38 | NUWESTRAAT B/WES 6970 |
| ESSOP MULTISAVE (FOODTOWN) | 4474.07 | DE VRIESSTRAAT 15 B/WES 6970 |
| GEORGIES MULTISAVE (FOODTOWN) | 18564.01 | DANIELSTRAAT 20 B/WES 6970 |
| EDEN BLOEMISTE | 4740.00 | BANTOMSTRAAT 47 B/WES 6970 |
| SONNEBLOM BLOEMISTE | 470.00 | KERKSTRAAT B/WES 6970 |
| CZ ELEKTRIES | 7232.37 | POSBUS 1007 B/WES 6970 |
| | 142,442.83 | |