



STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements

for the year ended 30 June 2012

Steve Tshwete Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Municipal Manager's approval of annual financial statements

I, W.D. Fouché, accounting officer of the Steve Tshwete Local Municipality, am responsible for the preparation of the annual financial statements, which are set out on pages 1 to 118 in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

The reports and statements set out above comprise the annual financial statements to the National Treasury in accordance with the Standards of Generally Recognized Accounting Practices (GRAP) as prescribed by the Minister of Finance in terms of General Notice 516 of 2008 and the accounting framework as set out in the Accounting Standards Board (ASB) directives read together with directive 3 transitional provisions for high capacity municipalities.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 29 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 Office Bearers Act, Act No. 20 of 1998.



MUNICIPAL MANAGER

31 August, 2012



AUDITOR - GENERAL
SOUTH AFRICA

The Municipal Manager
Steve Tshwete Local Municipality
2A Church Street
Middelburg
1050

30 November 2012

Dear Sir

Reference: 02304REG11/12

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Steve Tshwete Local Municipality for the year ended 30 June 2012

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
3. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed


Senior Manager, Mpumalanga
Enquiries: Kgabo Komape
Telephone: (013) 756 0800
Fax: (013) 756 0879

REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE STEVE TSHWETE LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Steve Tshwete Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Steve Tshwete Local Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the MFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report of the municipality as set out on pages xx to xx of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information*.
10. The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
11. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

12. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

Internal control

13. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. I did not identify any deficiencies in internal control that I considered sufficiently significant for inclusion in this report.

Auditor General

Nelspruit

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Steve Tshwete Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Index

Index	Page
General Information	1-3
Financial Report	4-10
Statement of Financial Position	11
Statement of Financial Performance	12
Statement of Changes in Net Assets	13
Cash flow statement	14
Accounting Policies	15-26
Notes to the Annual Financial Statements	27-55
Appendices	56-89

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

General Information

Members of the Mayoral committee & their portfolios Councillor

Executive Mayor	M.A. Masina
MMC Health, Social Services, Culture, Sport & Recreation	D J Motsepe
MMC Human Settlement & Agriculture	S D Nkademeng
MMC Technical, Property and Land Administration	N J Mahlangu
MMC Traffic, Emergency, Transport, Safety & Security	E P Nkosi
MMC Economic Development, Finance & Auditing	E F Mathebula
MMC Administration, Human Resources & Education	H Philodia

Speaker R M Xaba

Chief Whip B P Ndala

Ward Councillors

Ward 1	D J Skhosana
Ward 2	B Nene
Ward 3	E F Mathebula
Ward 4	ME Nyambi
Ward 5	O Malinga
Ward 6	LE Mkhuma
Ward 7	J Matshiane
Ward 8	B C Skhosana
Ward 9	J Skhosana
Ward 10	D M Longman
Ward 11	A Struwig
Ward 12	H F Nieman
Ward 13	S Wait
Ward 14	J P Pretorius
Ward 15	E A Swarts
Ward 16	J Dyason
Ward 17	M J Sekgwele
Ward 18	P I Twala
Ward 19	E P Nkosi
Ward 20	S A Lukhele
Ward 21	N J Mahlangu
Ward 22	M S Motebu
Ward 23	M J Selala
Ward 24	P P Tau
Ward 25	M Mbatiwe
Ward 26	P M Hadebe
Ward 27	L I Manzini
Ward 28	N J Nkambule
Ward 29	E O Motsepe

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

General Information

Councillors, Proportional

M.A. Masina	D J Motsepe
S D Nkadimeng	H Philodia
R M Xaba	T B Mahlangu
P J Masilela	S M Mnguni
M T Mnguni	P M Shongwe
K N Monareng	B D Ndala
M T Selala	Z D Mtshweni
S S Zitha	G H E Romjin
E Du Toit	B M Mokoena
P Mabango	A S Grobler
T G Ndlangamandla	S M Mogola
R E Redman	M C Nkosi
S J Roos	P Perumall
	K P J Uys

Grading of local authority

Grade 4
High Capacity

Auditors

Auditor General
Nelspruit

Bankers

ABSA Bank
Nelspruit

Legal Advisors

Johan Alberts
Ntuli Noble
Van Deventer & Campher

Registered office

Civic Centre
Wanderers Avenue
Middelburg
1050

Postal address

P.O Box 14
Middelburg
1050

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

General Information

Municipal Manager

Telephone

E-Mail Address

W.D Fouche

(013) 249 7264

wfouche@stevetshwetelm.gov.za

Executive Manager Finance

Telephone

E-Mail Address

E. Wassermann

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ewassermann@stevetshwetelm.gov.za

Executive Manager Corporate Services

Telephone

E-Mail Address

T. Mekuto

(013) 249 7242

tmekuto@stevetshwetelm.gov.za

Executive Manager Public Services

Telephone

E-Mail Address

P.F Phiri

(013) 249 7202

fphiri@stevetshwetelm.gov.za

Executive Manager Technical and Facilities

Telephone

E-Mail Address

E. Warambwa

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ewarambwa@stevetshwetelm.gov.za

Enquiries

Electricity

Water & Sewerage

Consumers

(013) 249 7223/7231

(013) 249 7168

(013) 249 7156

Paypoints

Chromeville

Hendrina

Komati

Kwazamokuhle

Mhluzi

Mhluzi Ext 5

Nasaret

Pullenshope

Rietkuil

Van Calder

(013) 241 2928

(013) 293 0000

(013) 295 3102

(013) 294 1212

(013) 242 1030

(013) 241 7222

(013) 246 1177

(013) 296 1630

(013) 297 1075

(013) 243 2400

Steve Tshwete Local Municipality

Annual Financial Statements for the year ended 30 June 2012

FINANCIAL REPORT

1. Overview

Although the year under review has posed many challenges, the municipality continued to sustain the financial position and strived to receive an unqualified audit opinion. The accounting officer is required to prepare for each financial year the annual financial statements in accordance with the Standards of Generally Recognized Accounting Practices (GRAP). The accounting framework was implemented since 2008/2009 financial year and no amendments were made during the 2011/2012 financial year.

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

The overall operating results achieved for the past financial year closed off with a surplus of R69,8-million compared to a budgeted deficit of R42,8-million.

The appropriation of the surplus is accounted for in the Statement of Changes in Net Assets.

Appendix E is a summary of all budgeted variances with explanations where variances are more than 10% while the detailed operating results per internal departments are shown in Appendix D.

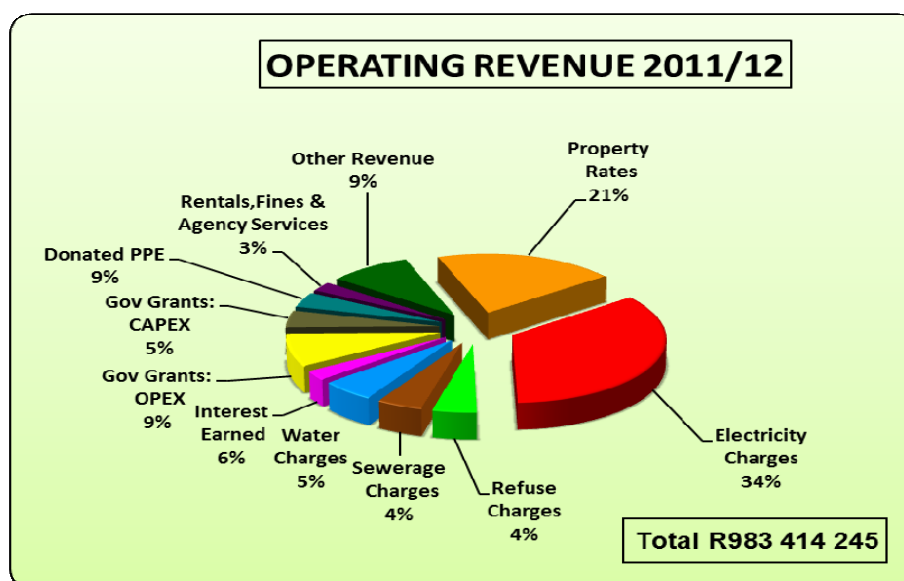
2. Operating Revenue

Operating revenue for the year is R983,4-million (2011: R783,6-million) which reflects an increase of 25,50%. Included in operating revenue are operating government grants to the amount of R81,6-million, capital grants of R42,2-million and donated PPE to the amount of R37,9-million.

Service charges jointly comprise 49% of total revenue and property rates 20%. The sale of electricity remains the largest source of income and contributes 35% to total revenue.

Interest received has decreased with 15,9% from R25,7-million to R21,6-million which can mainly be attributed to low interest rates and cash outflow. Other revenue increased subsequently from R25,3-million to R77,8-million of which R45,5-million is for the sale of land and R3,9-million for additional main service contributions received.

The following graph indicates a breakdown of the main categories of revenue:



3. Operating Expenditure

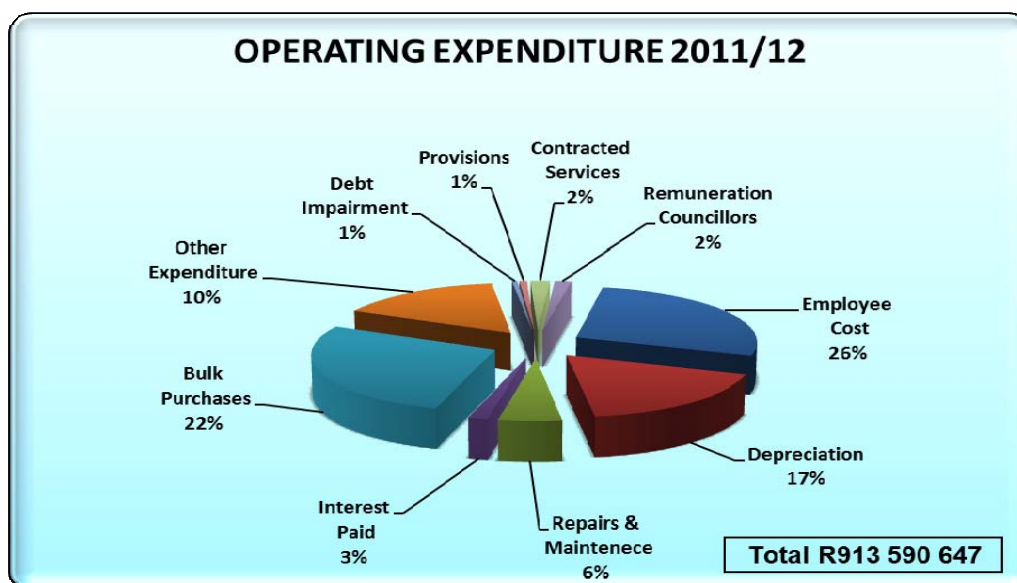
The operating expenditure for the year is R913,6-million (2011: R831,4-million) which reflects an increase of 9,8% higher from the 2010/2011 financial year.

The main expenditures are employee related costs at 27,6%, depreciation charges at 17,5% and bulk purchases at 27,4%.

Repair and maintenance increased by 8,1% to R47,2-million (2011: R43,3-million) and comprises 5,2% of total operating expenditure.

Grant and subsidies paid increased from R35,1-million to R44-million due to the fact that additional free basic services were provided to indigent households.

The graph below indicates the break down per main expenditure group:



4. Debtors

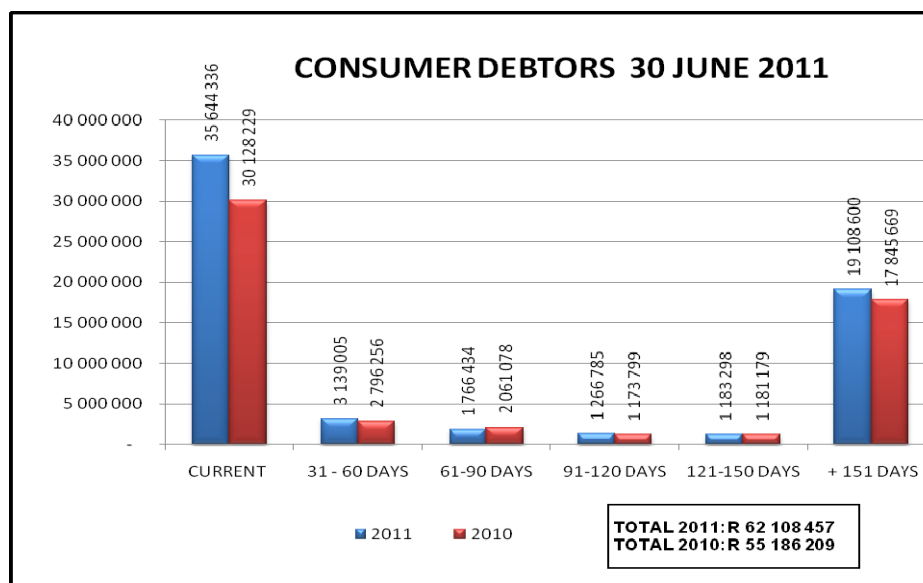
The long term receivables decreased from R4,1-million to R3,6-million. This decrease can be ascribed to the phasing out of previous estate accounts.

Other debtors increased in total with R13,7-million to R35,5-million (2011: R21,9-million). The increase relates to the health subsidy of R2,5-million which was not paid by the Department of Health Services and a call investment of R15,7-million which matured at the end of June 2012 which could not be receipted.

Consumer debtors increased in total with R7,8-million to R69,9-million (2011: R62,1-million), whilst the provision for bad debt increased to R27,5-million (2011: R24,1-million) as a result of provisions made during the financial year. The main increase according to the age analysis grouping is current debtors with R5,4-million which represents 58,7% of outstanding debt. The bulk of outstanding consumer debt pertains to property rates totalling 40% in 2012 (2011: 43,3%).

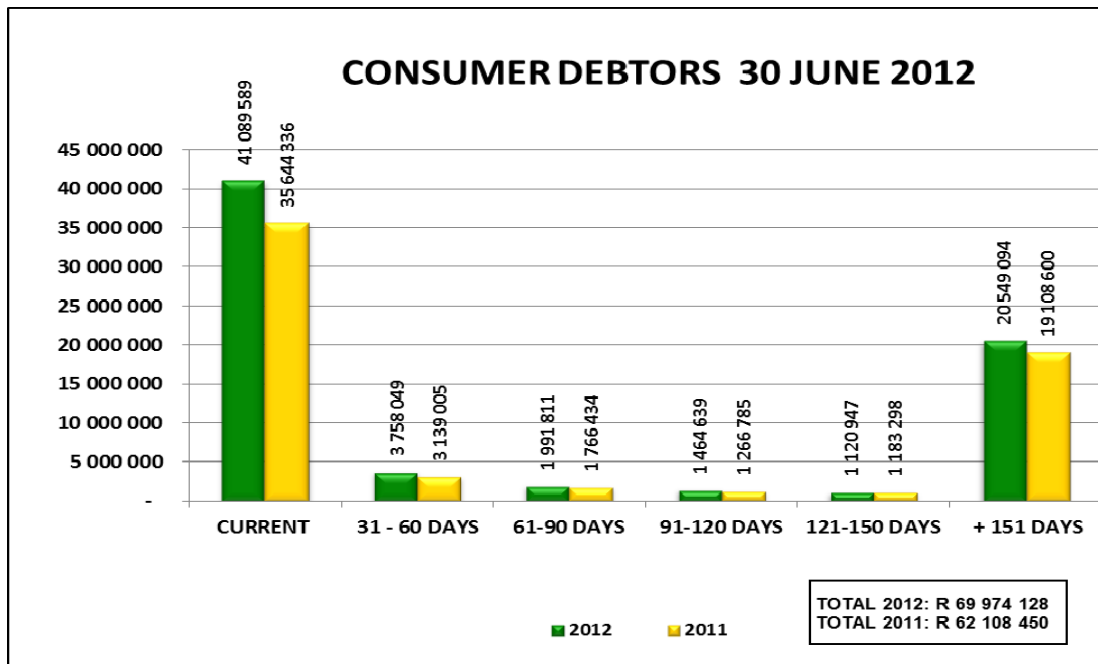
During the year bad debts to the amount of R1,1-million (2011: R1,5-million) were written off.

The increase in consumer debt per ageing analysis is graphically presented as follows:

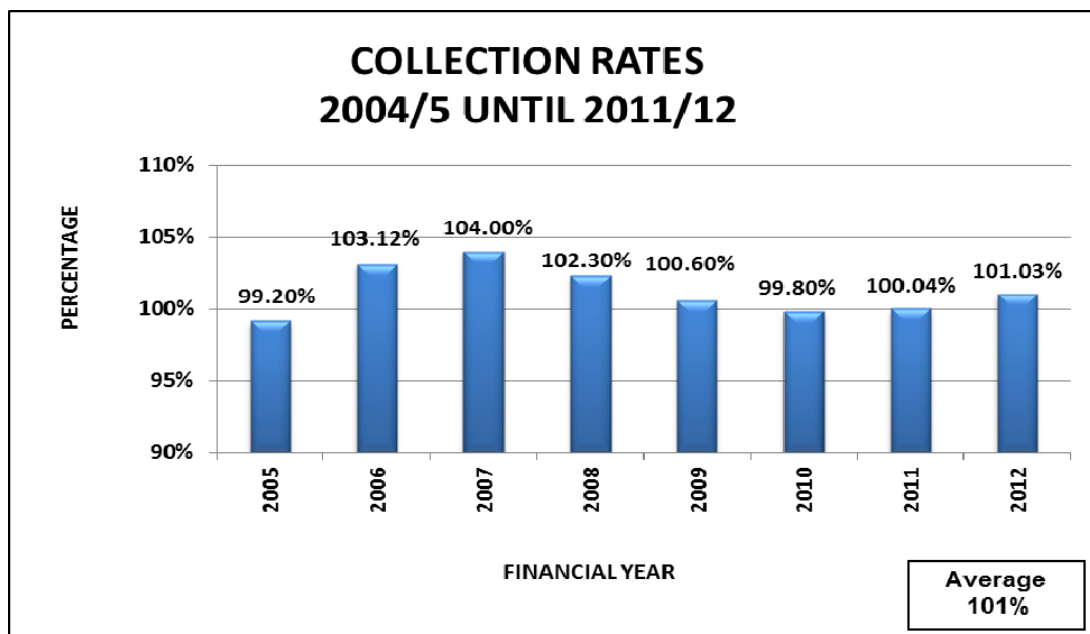


A collection rate calculated on the total levies for a period compared to the total payments received during the same period is used to measure revenue recovery. The implementation of the credit control policy and continuous strict actions taken in terms of this policy resulting in a collection rate of 101,3% (2011: 100,4%) for the 2011/2012 financial year. The collection period amounted to a very healthy 18 days (2011: 24 days) with a debtors turnover rate of 10,8% (2011: 10,8%) which remains within acceptable norms.

The net consumer debt taking into consideration debt impairment increased to R42,4-million (2011: R37,9-million) and is graphically presented per category as follows:



The collection rates are graphically presented as follows:



5. Capital Expenditure and Financing

The total capital expenditure capitalized for the year in respect of property, plant and equipment amounted to R237,9-million which includes an amount of R5,1-million from the previous financial year. This includes the release of work in progress assets from the previous financial year to the amount of R150,5-million.

Compared to the budget, capital expenditure to 54,9% realized. From the 345 capital projects, 271 projects were completed whilst 74 have been rolled over, which constitutes a 78,5% successful implementation.

The capital expenditure is summarised in the following table:

Finance Source	Adjustment Budget 2010/2011	Actual Capital Expenditure	Actual % of Adjusted Budget
	R	R	%
Capital Replacement Reserve	134 649 945	80 140 497	59,5
External Funding	169 051 700	72 544 580	42,9
Municipal Infrastructure Grant	29 718 720	29 648 345	99,7
Integrated National Electricity Programme	5 286 400	5 286 400	100
Neighbourhood Development Partnership Grant	20 387 947	8 702 071	42,7
Other Grants	4 972 168	3 627 949	72,9
Sub-Total	364 066 880	199 949 792	54,9
Assets capitalized not included in capital budget			
Nkangala District Municipality		1 709 000	
Public Contributions		36 311 929	
Sub-Total		38 020 929	
Total Capital Expenditure	364 066 880	237 970 721	

In addition to comply with GRAP 17 the componentisation of infrastructural assets continues to be a huge challenge especially the management and reporting of the asset register.

6. **Debt Management**

For the financial year under review no new external loan facility was taken up. Therefore borrowings decreased with 12,9% to R126,7-million (2011: R145,6-million).

Long term loans consist of annuity loans and bear interest at rates between 9,02% and 14,40% per annum. During the year under review loans totaling R18,9-million were redeemed whilst total long term debt only constitutes 15,4% (2011: 22,1%) of total revenue excluding government grants and donations. Capital cost on external loans amounts to R32,9-million and is 4% of operating revenue.

7. **Investments and cash**

Investments made with various financial institutions are strictly in compliance with the Municipal Finance Management Act and Investments Regulations.

Cash and short term investments increased by a 0,3% to R382,4-million (2011: R381,1-million) over the past financial year. The cash investments reflects the cash backing of reserves and unspent conditional grants. The average rate of return on investment for the financial year was 5,5%.

8. Other Important Accounting Ratios

The operating capital ratio is a useful indicator when determining the ability to find operating expenditure. The ratio measures the extent to which the current liabilities are covered by the current assets. A larger coverage means a lower risk since short term debt can be paid out of short term assets.

The following table shows the calculation of the operating capital ratio:

	<u>2010/2011</u>	<u>2011/2012</u>
Current assets	500 918 325	510 767 068
Current liabilities	176 038 722	193 089 805
Net operating capital	324 879 603	317 677 263
Operating capital ratio	2,85 : 1	2,65:1

The solvability ratio is total assets to total liabilities and it shows the municipality's ability to meet its obligations in the long term. A ratio of less than one is an indication of insolvency. The following table shows the calculation of the solvency ratio:

	<u>2010/2011</u>	<u>2011/2012</u>
Total assets	6 765 022 961	6 674 256 156
Total liabilities	376 632 778	382 732 506
Solvability ratio	17,96 : 1	17,44:1

The liquidity ratio is the monetary assets to current liabilities and includes the municipality's ability to pay its short term debts obligation. The following table shows the calculation of the liquidity ratio:

	<u>2010/2011</u>	<u>2011/2012</u>
Monetary assets	381 143 297	382 439 515
Current liabilities	176 038 722	193 059 805
Liquidity ratio	2,16 : 1	1,98:1

9. Credit Rating

The last credit rating was based on the annual financial statements for the year ending 30 June 2009 and the following rating was awarded:

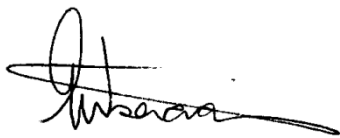
Short term	A2	Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
Long term	A-	High credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

Expression of appreciation

During the year under review my department and I received valuable support and guidance from the Executive Mayor and Members of his Committee, Municipal Manager, the other Executive Managers and Heads of Departments. Their invaluable co-operation is dearly appreciated.

A special word of thanks to all the financial staff in my department who provided me with their loyal assistance, contribution and continuous support.

To all I wish to express my sincere appreciation for the months of hard work and sacrifices, especially the accounting staff for their concerted efforts without which I would not have been able to produce these financial statements.

A handwritten signature in black ink, appearing to read 'E. Wassermann', with a long horizontal flourish extending to the right.

E. WASSERMANN
EXECUTIVE MANAGER FINANCE

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

	Note(s)	R	R	R	R
Assets					
Current Assets					
Investments	2		324 000 000		321 772 613
Deferred Leases	3		3 111 634		2 134 755
Inventory	4		32 127 452		38 598 800
Consumer debtors	5		42 452 017		37 919 592
Other debtors	6		35 566 703		21 899 019
Current portion of long-term loans	7		3 424 228		3 856 547
Cash and cash equivalents	8		58 439 515		59 370 684
VAT receivable	14		11 645 519		15 520 092
			510 767 068		501 072 102
Non-Current Assets					
Property, plant and equipment	9		6 161 547 657		6 095 097 928
Intangible assets	10		1 771 295		2 325 331
Long-term receivables	7		170 136		263 944
			6 163 489 088		6 097 687 203
Total Assets			6 674 256 156		6 598 759 305
Liabilities					
Current Liabilities					
Consumer deposits	11		39 427 946		33 111 314
Provisions	12		7 173 273		6 036 620
Creditors	13		114 354 230		103 904 640
Unspent conditional grants and receipts	15		14 214 704		10 965 470
Current portion of long term liabilities	16		13 243 613		18 869 037
Finance lease obligation	17		365 994		448 808
VAT payable	14		4 310 045		2 702 834
			193 089 805		176 038 723
Non-Current Liabilities					
Long-term liabilities	16		113 491 230		126 734 844
Finance lease obligation	17		111 432		455 426
Post employment benefits	18		74 925 000		69 812 000
Provisions	12		1 115 039		4 076 556
			189 642 701		201 078 826
Total Liabilities			382 732 506		377 117 549
Net Assets			6 291 523 650		6 221 641 756
Net Assets					
Insurance reserve	19		3 714 899		3 770 074
Housing Development Fund	20		7 049 112		7 050 989
Accumulated surplus	21		6 280 759 639		6 210 820 693
Total Net Assets			6 291 523 650		6 221 641 756

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Performance

	Note(s)	R	R
Revenue			
Property Rates	22	198 443 748	171 197 184
Service charges	23	485 777 778	401 545 958
Rental of facilities and equipment		13 890 535	13 444 832
Interest received - Outstanding debtors	24	2 132 860	2 316 140
Income from agency services		9 972 801	8 217 313
Public contributions and donations	26	37 935 825	13 808 522
Fines		5 482 571	4 962 419
Licences and permits		6 554 138	5 328 683
Government grants & subsidies	25	81 607 087	75 717 114
Other income	27	77 820 065	25 350 464
Government grants (Capital)	25	42 166 137	35 976 300
Interest received - investment	24	21 606 765	25 708 205
Gain on disposal of property, plant & equipment		23 935	-
Total Revenue		983 414 245	783 573 134
Expenditure			
Employee related costs	28	(252 327 632)	(225 928 744)
Remuneration of councillors	29	(14 613 183)	(11 933 927)
Depreciation and amortisation		(159 590 653)	(157 081 455)
Finance costs	30	(14 585 490)	(14 161 968)
Debt impairment		(4 797 175)	(4 087 657)
Collection costs		(238 755)	(279 634)
Repairs and maintenance		(47 191 280)	(43 342 607)
Bulk purchases	31	(250 573 805)	(192 108 764)
Contracted services		(17 106 393)	(18 979 124)
Grants and subsidies paid	32	(44 028 549)	(35 145 197)
Loss on disposal of assets		-	(1 639 818)
Contributions to/(from) Provisions	33	(6 877 031)	(15 414 092)
General Expenses	34	(101 660 701)	(111 294 032)
Total Expenditure		(913 590 647)	(831 397 019)
Revenue		983 414 245	783 573 134
Expenditure		(913 590 647)	(831 397 019)
Other		-	-
Surplus (deficit) for the year		69 823 598	(47 823 885)

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Statement of Changes in Net Assets

	Housing development fund R	Insurance reserve R	Total reserves R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	7 095 634	5 341 744	12 437 378	6 388 386 750	6 400 824 128
Adjustments					
Prior year adjustments	-	-	-	(81 141 946)	(81 141 946)
Balance at 01 July 2010 as restated	7 095 634	5 341 744	12 437 378	6 307 244 804	6 319 682 182
Changes in net assets					
Surplus for the year	-	-	-	(47 823 892)	(47 823 892)
Other Income/Expenditure	102 849	(323 009)	(220 160)	-	(220 160)
Other Income/Expenditure	(163 730)	-	(163 730)	163 730	-
Property plant and equipment purchased	-	(187 486)	(187 486)	285 343	97 857
Contributions to insurance reserve	-	187 486	187 486	-	187 486
Insurance claims processed	-	(995 846)	(995 846)	-	(995 846)
Transfer to housing developement fund	16 236	-	16 236	-	16 236
Other income /expenditure CRR	-	-	-	(61 529)	(61 529)
Contribution from Insurance Reserve	-	(252 815)	(252 815)	252 815	-
Total changes	(44 645)	(1 571 670)	(1 616 315)	(47 183 533)	(48 799 848)
Balance at 01 July 2011	7 050 989	3 770 074	10 821 063	6 260 061 271	6 270 882 334
Changes in net assets					
Prior year adjustments (Note 36)	-	-	-	(49 240 576)	(49 240 576)
Net income (losses) recognised directly in net assets	-	-	-	(49 240 576)	(49 240 576)
Surplus for the year	-	-	-	69 823 598	69 823 598
Total recognised income and expenses for the year	-	-	-	20 583 022	20 583 022
Other income/expenditure	10 427	(34 913)	(24 486)	176 999	152 513
Other income/expenditure	(15 349)	-	(15 349)	15 349	-
Property, plant and equipment purchased	-	(85 582)	(85 582)	-	(85 582)
Contributions to insurance reserve	-	133 100	133 100	(47 515)	85 585
Insurance claims processed	-	(67 779)	(67 779)	-	(67 779)
Transfer to housing developement fund	3 045	-	3 045	-	3 045
Other income/expenditure CRR	-	-	-	(29 487)	(29 487)
Revenue/Expenditure	-	-	-	-	-
Total changes	(1 877)	(55 174)	(57 051)	20 698 368	20 641 317
Balance at 30 June 2012	7 049 112	3 714 899	10 764 011	6 280 759 639	6 291 523 650
Note(s)	20	19			

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Cash Flow Statement

	Note(s)	R	R
Cash flows from operating activities			
Receipts			
Property rates		198 443 748	171 197 184
Sale of goods and services		485 777 778	401 545 958
Grants & Donations		161 709 049	125 501 936
Interest income		23 739 625	28 024 345
Other receipts		113 244 374	58 265 600
		<u>982 914 574</u>	<u>784 535 023</u>
Payments			
Employee costs		(266 940 815)	(237 862 671)
Bulk purchases		(250 573 805)	(192 108 764)
Finance costs		(14 585 490)	(14 161 968)
Other payments		(112 973 236)	(133 292 396)
Grants & Subsidies paid		(44 028 549)	(35 145 197)
Repairs & maintenance		(47 191 280)	(43 342 607)
		<u>(736 293 175)</u>	<u>(655 913 603)</u>
Total receipts		982 914 574	784 535 023
Total payments		(736 293 175)	(655 913 603)
Net cash flows from operating activities	35	<u>246 621 399</u>	<u>128 621 420</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(232 437 357)	(270 651 493)
Proceeds/(loss) from sale of property, plant and equipment	9	-	(1 639 819)
Purchase of other intangible assets	10	(434 737)	(550 521)
Proceeds from sale of financial assets		526 127	189 478
Purchase of investments		(2 227 387)	161 227 387
		<u>(234 573 354)</u>	<u>(111 424 968)</u>
Net cash flows from investing activities		<u>(234 573 354)</u>	<u>(111 424 968)</u>
Cash flows from financing activities			
Repayment of current portion of long term liabilities		(19 295 846)	(21 398 966)
Increase/(Decrease) in deposits		6 316 632	6 434 443
		<u>(12 979 214)</u>	<u>(14 964 523)</u>
Net cash flows from financing activities		<u>(12 979 214)</u>	<u>(14 964 523)</u>
Net increase/(decrease) in cash and cash equivalents		(931 169)	2 231 929
Cash and cash equivalents at the beginning of the year		59 370 684	57 138 755
Cash and cash equivalents at the end of the year	8	<u>58 439 515</u>	<u>59 370 684</u>

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

The Minister of Finance has in terms of Government Gazette 31021 dated 9 May 2008, promulgated the implementation of the new GRAP standards with effect from 1 July 2008. These GRAP standards replace the current GAMAP Standards. The Financial Statements is compiled according to the new GRAP standards.

In terms of Section 89 (1)(b) of the PFMA, the Accounting Standards Board issued directive 3 to set the transitional provisions and arrangement for high capacity municipalities to comply with the standards of GRAP. This directive is read in conjunction with the relevant standard(s) of GRAP and are applied on or after the effective date of the applicable standard(s) of GRAP.

Effective accounting standards that are applied considering the provisions in paragraphs .20 to .26 of the the directive: IFRS 7 (AC 144) - Financial Instruments: Disclosure, IAS 19 (AC 116) - Employee benefits, IAS 32 (AC 125) - Financial Instruments: Presentation, IAS 36 (AC 128) - Impairment of Assets, IAS 39 (AC133) - Financial Instruments: Recognition and Measurement.

A summary of the significant accounting policies adopted in the preparation of these Annual Financial Statements are disclosed below except where transitional arrangements exist as allowed in directive 3.

These accounting policies are consistent with the previous year unless otherwise stated.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.1 Presentation of currency

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.2 Going concern assumption

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

1.3 Comparatives information

Current year comparatives

Budgeted amounts have been included in the Annual Financial Statements for the Annual Financial Year only (See Appendix E and F).

Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements are amended, prior period comparative amounts are reclassified either on the face of the financial statements or in the notes. The nature and reason for reclassification is disclosed.

1.4 Offsetting

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

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.5 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 a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Monies standing to the credit of the Housing Development Fund are used to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Proceeds from housing development fund schemes which include rental income and sale of houses are recognised as revenue in the Statement of Financial Performance and a corresponding transfer is made to the Housing Development Fund and is reflected in the Statement of Changes in Net Assets.

Expenditure allowed in terms of the Housing Act is expensed in the Statement of Financial Performance and a corresponding transfer is made to and from the Housing Development Fund. This transfer is reflected in the Statement of Changes of Net Assets.

1.6 Internal reserves

Self insurance reserve

A Self-Insurance Reserve has been established and, subject to external insurance where, deemed necessary, covers claims that may occur.

Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception. These surpluses arose from the differences between premiums charged against claims paid and various administrative expenditure incurred.

The Self-Insurance Reserve is maintained to provide for non-claimable losses as well as for motor vehicle claims. The Self-Insurance Reserve for electricity is mainly used for theft of distribution networks and cables, which are uncovered items in terms of the insurance contract of Council.

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets. The total amount of insurance premiums paid to external insurers is regarded as expense and is shown in the Statement of Financial Performance. Repair and replacement costs not covered by external insurance are financed from the insurance reserve. This cost is regarded as an expense and is reflected in the Insurance Reserve.

The balance of the Self-Insurance Reserve is fully cash backed and invested in fixed and negotiable deposits.

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.7 Property, plant and equipment

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost. Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Such assets are financed either by external loans, capital replacement reserve, government grants, or contributions and donations.

The cost of an item of property, plant and equipment acquired in exchange for a nonmonetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Where an item of property, plant and equipment is acquired at no cost, (grant or donation) it is initially recognised at its fair value as at the date of inception.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Where the municipality replaces parts of an asset it derecognises the part of the asset being replaced and capitalises the new component.

Assets under construction are carried at cost and only depreciated when the asset is commissioned and available for use. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset is met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Residual value

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.7 Property, plant and equipment (continued)

Depreciation

Depreciation is calculated at cost, using the straight-line method over the estimated useful lives of the asset. Property, plant and equipment that have significant residual values are subtracted from the cost of these property, plant and equipment items to determine the depreciable amounts of these items. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful lives:

Item	Average useful life in years
Infrastructure Assets	
Water	
• Dam structures	100-200
• Reservoirs and Reticulation	10-80
• Meters	5-10
Sewerage	
• Civil structure	50-80
• Purification and Reticulation	10-100
• Toilets	5-10
Roads	
• Bridges	60-100
• Roads and storm water	5-100
• Pavements, sidewalks and kerbs	15-50
• Gravel Roads	3-20
• Street names, signs and parking	5-30
Electrical	
• Reticulation	10-50
• Meters	10-20
• Street lighting	45
Refuse	
• Landfill sites	50
• Civil Structure	50-80
Community Assets	
• Parks and gardens	10-50
• Sport fields	15-60
• Community halls	30-100
• Libraries	30-100
• Recreational facilities	15-30
• Clinics	30-100
• Fire Services	30-100
• Cemeteries	30-80
Other	
• Motor vehicles	4-7
• Plant and equipment	2-15
• Security measures	3-30
• Buildings	30-100
• IT equipment	3-7
• Office equipment	3-15
• Specialised vehicles	15-20

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

Land is not depreciated as it is regarded as having an infinite life.

The useful life or depreciation method for items of property, plant and equipment are reviewed at each reporting date. A review in the useful life is accounted for as a change in accounting estimate.

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.7 Property, plant and equipment (continued)

Impairment

Property, Plant and Equipment are reviewed at each reporting date for any indication of impairment. An impairment exists when an assets carrying amount is greater than its recoverable amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell and its value in use. If there is an indication of impairment, the assets recoverable amount is calculated. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss. Where an impairment loss recognised in prior periods subsequently reverses, the carrying amount of the asset is increased to the revised estimates of its recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance.

Heritage assets

These assets are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life and are shown at cost.

Financial leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the term of the agreement.

Disposal of property, plant and equipment

Assets are written off on disposal. The difference between the net book value of assets (cost less accumulated depreciation) and the sale proceeds is reflected as a gain or loss in the Statement of Financial Performance.

1.8 Intangible assets

After initial recognition, an intangible asset is carried at its cost less any accumulated impairment losses and amortisation. Amortisation is charged on a straight-line basis over heir useful life which is estimated to be between 3 and 5 years. The useful life of an intangible asset is the period over which that asset is expected to be available for use of by he municipality. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

Where items of intangible assets 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 except where the impairment reverses a previous revaluation.

The estimated useful life and amortisation methods are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Intangible assets are recognised at cost. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire the asset at the time of its acquisition or construction. Only cost incurred on computer software and websites that meet the definition of an intangible asset are recognised.

1.9 Investment property

Investment property is property (land or a building or part of a building or both) held to earn rentals or capital appreciation is stated at cost less accumulated depreciation. Where an investment property is acquired at no cost, or for a nominal cost, its cost is recognised at its fair value as at the date of acquisition. Investment properties are written down for impairment where considered necessary.

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

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.9 Investment property (continued)

<u>Item</u>	<u>Useful life in years</u>
Property - Land	Indefinite
Property - Buildings	50-80

1.10 Financial instruments

Financial instruments are recognised when the municipality becomes a party to the contractual provision of the instrument.

Financial assets are derecognised when the rights to receive cash from the assets have expired or have been transferred, and the municipality has transferred substantially all risks and rewards of ownership or when it loses control of contractual rights that compromise the asset.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial instruments are measured at fair value in the current and prior financial years.

The municipality has various types of financial instruments and these can be categorized as either financial assets or liabilities.

Financial Assets

A financial asset is any asset that is cash or a contractual right to receive cash and are classified into the following categories depending on the purpose for which the financial asset is acquired:

Held to maturity investments

Investments held to maturity are financial assets with fixed or determinable payments and fixed maturity, where the municipality has the positive intent and ability to hold the investment to maturity. This include fixed deposits and short term deposits invested at registered banks and are stated at cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss and is recognised as an expense in the period that the impairment is identified.

Loans and receivables

Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12 months which are classified as non-current assets.

Loans and receivables are classified as "long term receivables" in the Statement of Financial Position. Loans and receivables are recognised at cost which represents the fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

Available for sale

Available-for-sale financial asset are financial assets that are designated as available for sale and are subsequently measured at fair value except for those which the fair value cannot be reliably measured of which shall then be measured at cost.

Accounts Receivable

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

Provision for bad debts is made on an annual basis. The amount to be provided will be determine by analysing the payment level trends and expensing an amount for nonpayment as contribution to the bad debt provision though the Statement of Financial Performance. The provision is made on an individual basis or group, based on expected cashflow.

Significant financial difficulties of the debtor and default or delinquency in payments or all debt outstanding for more than 150 days are considered indicators that the accounts receivable are impaired. When an under recovery occurs during the financial year an additional contribution for impairment is made at year-end.

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.10 Financial instruments (continued)

Trade creditors

Trade creditors are initially measured at amortised cost, using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities including trade and other payables, long term liabilities and other non-current liabilities. Financial liabilities are measured at fair value.

1.11 Leases

Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.12 Inventory

Inventory consist of raw materials, work in progress, consumables and finished goods which are valued at the lower of costs determined on the weighted average basis or lower 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.

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

Redundant, damaged and slow-moving inventories are identified and written down with regard to their estimated net realisable values and are sold by public auction. Consumables are written down with regard to their age, condition and utility.

Unsold properties are valued at the lower of cost or net realisable value on a specific identification basis. Direct costs are accumulated for each separately identifiable development.

Water and purified effluent are valued at purified cost insofar it is controlled in reservoirs and distribution networks at year end.

1.13 Revenue Recognition

Revenue is the gross inflows of economic benefits or service potential during the reporting period when those inflows result in increase in net assets. Revenue for the current and prior financial year was initially recognised at cost.

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or services potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

This principle also applies to tariffs or charges and is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

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

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

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;
- The municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The cost incurred or to be incurred in respect of the transaction can be measure reliably.

Finance income from housing sold by way of instalment sales agreements is recognised on a time proportion basis.

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Revenue in respect of housing, rental and instalments is accrued in terms of the agreement.

Rates, including collection charges and penalties interest

Revenue from rates including collection charges and penalty interest, is recognised when the legal entitlement to the revenue arises. Collection charges are recognised when such amounts are legally enforceable.

Assessment rates are levied on the market value of properties and rebates are granted according to the usage of a particular property in accordance with the property rates policy . Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.13 Revenue Recognition (continued)

Fines

Revenue from fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected by the courts.

Service charges

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

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

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

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

Conditional grants and receipts

Government Grants can be in the form of grants to acquire or construct fixed assets, grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Revenue from government grants are recognised on a cash receipt basis to the extent the conditions of the grants are met. Where government grants have been received but the conditions were not met, a liability is recognized.

Other grants and donations received

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment and are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

Interest, royalties, and other

Interest on investments is recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties is recognised as they are earned in accordance with the substance of the relevant agreement;

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

Collection charges are recognised when such amounts are incurred.

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 from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.14 Provisions

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Those estimated to be settled within the next twelve months are treated as current liabilities.

The landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

Provision for long service awards is raised according to employee's years in service at yearend.

1.15 Contingent assets

A contingent asset is a possible asset 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 municipality. Contingent assets are not recognised as assets.

1.16 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 municipality or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.:

1.17 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 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.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 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.

1.19 Fruitless and wasteful expenditure

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

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.20 Employee benefits

Retirement funds

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal pension Fund
- Municipal employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

Defined contribution plans

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

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

Accrued leave pay

The liability is based on the total accrued leave days at yearend and it is recognised as it accrue for employees, regardless how the obligation will be settled at the future date.

Post employment medical care benefits

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

1.21 Borrowing costs

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Where it is not appropriate to capitalize borrowing cost, it will be expensed.

1.22 Consumer deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

1.23 Grants-In-Aid

The municipality transfers money to individual organisations and other sectors of government when making these transfers. The entity does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction.
- expect to be paid in future; or
- expect a financial return as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period in which the events giving rise to the transfer occur.

1.24 Events after reporting date

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

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.25 Value added tax

The municipality accounts for Value Added Tax on the payment basis.

1.26 Taxation

The Steve Tshwete Local Municipality is exempted from tax in terms of Section 10(1)(c)(i)(ff) of the Income Tax Act.

1.27 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

GRAP standard approved but not yet effected.

1.28 Related Parties

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

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

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

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

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
2. Investments		
No investments have been written off during the year. Refer to Appendix A for more detail on external loans.		
Short term fixed deposits		
ABSA bank	36 000 000	66 000 000
First National Bank	36 000 000	36 000 000
Investec Bank	72 000 000	66 000 000
Nedbank	108 000 000	72 000 000
Standard Bank	72 000 000	66 000 000
ABSA Bank (Ex zero bond)	-	15 772 613
	324 000 000	321 772 613
Average rate of return	4,50 %	5,50 %
Council's valuation of investments	324 000 000	321 772 613
3. Deferred leases		
Opening Balance	2 134 754	661 358
Correction of error	-	-
Movement for the year	976 880	1 473 396
	3 111 634	2 134 754
Minimum lease income due		
- within one year	11 705 178	11 455 175
- second to fifth year	41 976 274	45 473 369
- after 5 years	63 917	7 580 167
	53 745 369	64 508 711
Included in the operating lease revenue are the following significant contracts:		
1. Shanduka Coal -Lease of farms in Middelburg. The contract expires on 28 February 2017.		
Actual income levied 2011/2012	R 10 218 242	
Expected levy income 2012/2013	R 10 218 242	
Annual straight lining	R 11 188 259	
2. Pole Add SA (Pty) - Manufacture, erect, maintain street identification signs incorporating with advertisement. The contract expires on 30 September 2016.		
Actual income levied 2011/2012	R 87 166	
Expected levy income 2012/2013	R 87 166	
Annual straight lining	R 86 938	
3. MTN (Pty) Ltd - Rental of Stand 908 Hendrina for base tranceiver sites. The contract expires on 31 October 2015..		
Actual income levied 2011/2012	R 26 316	
Expected levy income 2012/2013	R 26 316	
Annual straight lining	R 24 513	

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
4. Inventory		
Land	18 548 377	25 852 646
Consumable stores	13 136 157	12 515 150
Water	442 918	231 004
	32 127 452	38 598 800
Stock shortages written off during the year	(208 096)	(270 083)
Stock surpluses for the year	216 894	209 868
Net stock result	8 798	(60 215)
5. Consumer debtors		
Gross balances		
Rates	28 497 224	26 953 864
Electricity	19 478 506	17 531 995
Water	6 184 687	4 932 908
Sewerage	4 071 015	3 494 871
Refuse	3 421 869	2 869 635
Housing rental	291 824	182 110
Other	8 029 003	6 143 067
	69 974 128	62 108 450
Less: Provision for debt impairment		
Rates	(17 013 943)	(15 841 563)
Electricity	(1 420 230)	(882 663)
Water	(2 341 070)	(1 848 136)
Sewerage	(1 522 213)	(1 273 006)
Refuse	(1 207 660)	(1 030 624)
Other	(4 016 996)	(3 312 873)
	(27 522 112)	(24 188 865)
Rates	11 483 281	11 112 306
Electricity	18 058 277	16 649 332
Water	3 843 617	3 084 773
Sewerage	2 548 801	2 221 866
Refuse	2 214 209	1 839 011
Housing rental	291 824	182 110
Other	4 012 008	2 830 194
	42 452 017	37 919 592
Rates		
Current (0 -30 days)	12 420 772	10 888 018
31 - 60 days	1 269 441	1 218 876
61 - 90 days	858 934	909 837
91 - 120 days	691 270	756 608
121 - 150 days	553 525	666 090
> 150 days	12 703 281	12 514 435
	28 497 223	26 953 864

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
5. Consumer debtors (continued)		
Electricity		
Current (0 -30 days)	16 862 632	15 666 508
31 - 60 days	954 976	800 023
61 - 90 days	370 276	213 078
91 - 120 days	140 471	92 852
121 - 150 days	89 753	62 252
> 150 days	1 060 399	697 282
	19 478 507	17 531 995
Water		
Current (0 -30 days)	3 349 426	2 790 881
31 - 60 days	577 433	324 881
61 - 90 days	255 207	190 794
91 - 120 days	134 847	88 751
121 - 150 days	119 839	77 622
> 150 days	1 747 935	1 459 980
	6 184 687	4 932 909
Sewerage		
Current (0 -30 days)	2 365 642	1 935 852
31 - 60 days	282 516	251 910
61 - 90 days	134 913	143 810
91 - 120 days	85 935	90 441
121 - 150 days	65 464	67 216
> 150 days	1 136 544	1 005 643
	4 071 014	3 494 872
Refuse		
Current (0 -30 days)	2 056 039	1 639 678
31 - 60 days	221 866	181 114
61 - 90 days	120 249	102 727
91 - 120 days	69 627	77 986
121 - 150 days	52 402	53 963
> 150 days	901 687	814 167
	3 421 870	2 869 635
Housing rental		
31 - 60 days	35 333	45 112
61 - 90 days	7 286	6 017
91 - 120 days	159 124	7 789
121 - 150 days	90 081	123 192
	291 824	182 110
Other (specify)		
Current (0 -30 days)	4 035 078	2 723 397
31 - 60 days	416 484	317 089
61 - 90 days	244 945	200 172
91 - 120 days	183 365	152 359
121 - 150 days	149 884	132 963
> 150 days	2 999 247	2 617 086
	8 029 003	6 143 066

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
5. Consumer debtors (continued)		
Reconciliation of debt impairment provision		
Balance at beginning of the year	(24 188 865)	(21 567 245)
Contributions to provision	(4 428 240)	(4 087 657)
Debt impairment written off against provision	1 094 993	1 466 037
	(27 522 112)	(24 188 865)
6. Other debtors		
Debtor for interest and fines	1 141 467	3 767 848
Government Capital Grants	887 225	5 398 394
Sundry Debtors	5 867 766	3 798 173
Deposits paid	622 624	604 585
Insurance	995 507	1 004 143
NDM Projects	317 721	773 876
Debtor for ABSA investment	16 672 293	-
Health Subsidy	9 062 100	6 552 000
	35 566 703	21 899 019
7. Long term receivables		
Sale of Erven	3 594 364	4 120 491
Non-current assets		
Non-current portion of long term loans	170 136	263 944
Current assets		
Current portion of long-term loans	3 424 228	3 856 547
Non-current assets	170 136	263 944
Current assets	3 424 228	3 856 547
	3 594 364	4 120 491
Sale of erven		
Loans were given at a low interest rate of 7,5% per annum to encourage development through the sale of vacant erven. In terms of the MFMA no new loans are granted.		
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	42 380	42 380
Bank balances	58 397 135	59 328 304
	58 439 515	59 370 684

The municipality had the following bank accounts

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

				R		R	
8. Cash and cash equivalents (continued)							
Account number / description	Bank statement balances			Cash book balances			
	June 30 2012	June 30 2011	June 30 2010	June 30 2012	June 30 2011	June 30 2010	
ABSA BANK (Nelspruit)- Cheque Account 1040-000-077	95 780 173	67 749 028	64 762 640	55 416 830	59 328 304	57 138 345	
ABSA BANK (Nelspruit)- Cheque Account 4078-303-563	2 945 985	-	-	2 980 305	-	-	
Total	98 726 158	67 749 028	64 762 640	58 397 135	59 328 304	57 138 345	

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 881 307 131	-	2 881 307 131	2 881 307 131	-	2 881 307 131
Buildings	253 812 681	(81 461 055)	172 351 626	255 101 595	(74 650 666)	180 450 929
Infrastructure	4 750 365 963	(2 256 189 405)	2 494 176 558	4 585 465 914	(2 138 488 075)	2 446 977 839
Community	691 791 422	(179 272 876)	512 518 546	660 275 145	(164 489 673)	495 785 472
Other Property Plant & Equipment	207 723 818	(109 020 959)	98 702 859	178 212 438	(90 386 853)	87 825 585
Housing Development Fund	6 742 664	(4 251 727)	2 490 937	6 742 664	(3 991 695)	2 750 969
Total	8 791 743 679	(2 630 196 022)	6 161 547 657	8 567 104 887	(2 472 006 962)	6 095 097 925

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 886 881 711	1 699 191	(7 273 772)	-	2 881 307 131
Buildings	174 876 348	4 285 666	-	(6 810 389)	172 351 626
Infrastructure	2 446 977 839	164 900 050	-	(117 701 333)	2 494 176 558
Community	495 785 473	31 540 522	(13 363)	(14 794 088)	512 518 546
Other property, plant and equipment	87 825 585	30 011 928	(98 603)	(19 036 051)	98 702 859
Housing development fund	2 750 969	-	-	(260 032)	2 490 937
	6 095 097 925	232 437 357	(7 385 738)	(158 601 893)	6 161 547 657

Reconciliation of property, plant and equipment - 2011

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

	Opening balance	Additions	Disposals	Correction of error	Depreciation	Impairment loss	Total
Land	2 936 006 625	-	-	(49 124 914)	-	-	2 886 881 711
Buildings	183 683 562	10 970 940	(13 044 474)	-	(6 733 680)	-	174 876 348
Infrastructure	2 388 385 060	175 989 725	(438 320)	27 584	(115 866 464)	(1 119 746)	2 446 977 839
Community	451 748 435	58 386 264	(91 578)	(279 412)	(13 978 236)	-	495 785 473
Other property, plant and equipment	81 435 476	25 304 564	(931 536)	(1 840)	(17 981 079)	-	87 825 585
Housing development fund	3 026 667	-	-	-	(275 698)	-	2 750 969
	6 044 285 825	270 651 493	(14 505 908)	(49 378 582)	(154 835 157)	(1 119 746)	6 095 097 925

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
9. Property, plant and equipment (continued)		
Borrowing costs capitalised		
Infrastructure	-	1 054 570
Community	-	6 316
	<u>-</u>	<u>1 060 886</u>

10. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	13 513 992	(11 742 698)	1 771 295	13 079 256	(10 753 932)	2 325 324

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 325 324	434 737	(988 766)	1 771 295

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 901 357	550 521	(1 126 554)	2 325 324

11. Consumer deposits

Electricity and Water	31 716 616	27 506 220
Sundry deposits held	7 711 330	5 605 094
	<u>39 427 946</u>	<u>33 111 314</u>

No interest is paid on deposits.

Guarantees held in lieu of electricity and water deposits	<u>4 263 620</u>	<u>4 557 576</u>
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12. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Contribution to provision	Expenditure incurred	Reversed during the year	Total
Long Service Provision	4 082 708	-	(1 327 126)	(907 757)	1 847 825
Landfill Rehabilitation	602 000	-	-	-	602 000
Performance Bonus	5 123 158	2 065 992	(1 340 939)	(347 873)	5 500 338
Church Erven	305 311	32 838	-	-	338 149
	<u>10 113 177</u>	<u>2 098 830</u>	<u>(2 668 065)</u>	<u>(1 255 630)</u>	<u>8 288 312</u>

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
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12. Provisions (continued)

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Total
Long Service Provision	3 881 569	982 962	(781 823)	4 082 708
Landfill Rehabilitation	328 523	273 477	-	602 000
Performance Bonus	3 554 064	2 041 547	(472 453)	5 123 158
Church Erven	195 994	109 317	-	305 311
	7 960 150	3 407 303	(1 254 276)	10 113 177
Non-current liabilities		1 115 039		4 076 556
Current liabilities		7 173 273		6 036 621
		8 288 312		10 113 177

Long service awards are made to employees subject to the years service. The provision is made for the future expected outflows and measured at the amount to settle the obligation at the reporting date.

The landfill rehabilitation is created for the rehabilitation of the current operational sites which is evaluated at each year end to reflect the best estimate at reporting date.

The provision is to provide for performance bonuses of the section 57 employees and other senior managers where applicable. The provision is the amount according to the performance agreements at reporting date which is usually paid within one year.

The provision on church erven is for the obligation which the municipality have to pay 25% of the purchase price back to the church once the property is fully developed, which is evaluated at the end of each year to reflect the best estimate at reporting date.

13. Creditors

Trade payables	65 850 882	59 938 753
Consumer Debtors paid in advance	9 357 664	7 713 940
Sundry Debtors paid in advance	1 831 014	344 160
Other Creditors	568 381	399 014
RDP Development	3 053 582	3 253 265
Other Capital Grants	370 693	406 193
Staff Leave	14 382 062	12 213 321
Retention	16 581 778	15 716 116
Retail Pre-paid Sales in advance	763 568	438 622
Payments received in advance - other pre-paid sales	341 773	1 103 919
Other Grants	1 252 833	2 377 337
	114 354 230	103 904 640

14. VAT

VAT receivable	11 645 519	15 520 092
VAT payable	(4 310 045)	(2 702 834)
	7 335 474	12 817 258

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
15. Unspent conditional grants and receipts (continued)		
Unspent conditional grants and receipts		
Finance Management Grant	1 011 788	1 114 053
Municipal Systems Improvement Grant	342 021	617 000
Municipal infrastructure grant	174 949	-
Integrated National Electricity Programme	70	3 846 470
National Lottery Distribution Trust Fund	-	-
Neighbourhood Development Partnership Grant	11 685 876	5 387 947
Housing Accreditation Grant	1 000 000	-
	14 214 704	10 965 470
See note 25 for reconciliation of grants from National/Provincial Government.		
16. Long term liabilities		
Annuity Loans	126 734 843	145 603 881
	-	-
	126 734 843	145 603 881
Non-current liabilities		
Annuity loans	113 491 230	126 734 844
Current liabilities		
Current portion transferred to current liabilities	13 243 613	18 869 037
	113 491 230	126 734 844
	13 243 613	18 869 037
	126 734 843	145 603 881
See Appendix A for more detail.		
17. Finance lease obligation		
Minimum lease payments due		
- within one year	400 740	524 643
- in second to fifth year inclusive	93 706	492 256
	494 446	1 016 899
Less: Future finance charges	(17 020)	(112 666)
Present value of minimum lease payments	477 426	904 233
Present value of minimum lease payments due		
- within one year	365 994	448 808
- in second to fifth year inclusive	111 432	455 426
	477 426	904 234
Non-current liabilities	111 432	455 426
Current liabilities	365 994	448 808
	477 426	904 234

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
18. Employee benefit obligations		
Net expense recognised in the statement of financial performance		
Accrued liability beginning of year	69 812 000	58 807 000
Service cost	4 293 000	3 282 000
Interest cost	6 018 000	5 356 000
Actuarial (gains) losses	(4 224 000)	4 322 000
Contribution payments	(974 000)	(1 955 000)
Total included in employee related costs	74 925 000	69 812 000
Main assumptions		
Assumptions used at the reporting date:		
Discount rates used	8,10 %	8,62 %
Health care cost inflation	7,37 %	7,37 %
General inflation	5,90 %	5,90 %
Post retirement interest rate	1,10 %	1,20 %
Salary cost inflation	6,90 %	6,40 %
Expected retirement age	63 years	-
Accrued liability		
Active members	44 300 000	39 504 000
CAWMS liability	30 625 000	30 308 000
Accrued liability at the end of the year	74 925 000	69 812 000
Accrued liability		
Active members	63 748 000	47 603 000
19. Self insurance reserve		
Insurance Reserve Electricity		
Balance at beginning of the year	359 183	1 005 030
Contributions	220 000	210 000
Other income	-	140 000
Insurance claims processed	(67 779)	(995 846)
Insurance Reserve General		
Balance at beginning of the year	3 410 890	4 336 713
Other income	1 625 795	1 406 546
Contributions	(1 712 695)	(1 681 875)
Purchase PPE	(85 582)	(187 486)
Insurance claims processed	(34 913)	(463 009)
	3 714 899	3 770 073
20. Housing development fund		
Balance at beginning of the year	7 050 989	7 095 634
Contributions	3 045	16 236
Income	35 677	102 849
Operating expenditure	(40 599)	(163 730)
	7 049 112	7 050 989

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
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21. Accumulated surplus/(defecit)

Ring-fenced internal funds and reserves within accumulated surplus - 2012

	Insurance reserve	Housing development fund	Accumulated Surplus	Total
Opening balance	3 770 074	7 050 989	6 260 061 271	6 270 882 334
Correction of error	-	-	(49 240 576)	(49 240 576)
Surplus/(defecit) for the year	-	-	69 823 598	69 823 598
Contributions to/(from)	133 100	3 045	-	136 145
Property, plant and equipment purchases	(85 582)	-	-	(85 582)
Other Revenue / Expenditure	(34 913)	(4 922)	115 346	75 511
Insurance claims processed	(67 779)	-	-	(67 779)
	3 714 899	7 049 112	6 280 759 639	6 291 523 650

Ring-fenced internal funds and reserves within accumulated surplus - 2011

	Insurance reserve	Housing development fund	Accumulated Surplus	Total
Opening balance	5 341 744	7 095 633	6 388 386 749	6 400 824 126
Correction of error	-	-	(81 141 946)	(81 141 946)
Surplus/(defecit) for the year	-	-	(47 823 891)	(47 823 891)
Contributions to/(from)	(65 329)	16 236	-	(49 093)
Property, plant and equipment purchases	(187 486)	-	-	(187 486)
Other Revenue / Expenditure	(323 009)	(60 881)	640 359	256 469
Insurance claims processed	(995 846)	-	-	(995 846)
	3 770 074	7 050 988	6 260 061 271	6 270 882 333

Accumulated surplus/(defecit)	6 280 759 639	6 260 061 271
Self insurance reserve	3 714 899	3 770 074
Housing Development Fund	7 049 112	7 050 988
	6 291 523 650	6 270 882 333

22. Property rates

Rates received

Residential	104 571 468	90 625 438
Commercial	81 644 611	70 163 182
Government	11 719 947	10 362 113
Privately owned towns	507 722	46 452
	198 443 748	171 197 185

Valuations

Residential	16 079 046 126	15 547 064 484
Commercial: Site valuation	3 973 730 200	3 767 616 200
State	914 910 000	914 370 000
Privately Owned Towns	40 500 000	110 600 000
	21 008 186 326	20 339 650 684

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
23. Service charges		
Sale of electricity	343 865 016	285 065 389
Sale of water	53 317 464	43 882 232
Sewerage charges	45 155 692	36 370 621
Refuse removal	43 439 606	36 227 716
	485 777 778	401 545 958

24. Interest earned

Interest revenue

Current account	7 089 907	5 906 528
External Investments	14 516 858	19 801 677
	21 606 765	25 708 205
	-	-
	21 606 765	25 708 205

In terms of policy interest earned on external investments are allocated to the Capital Replacement Reserve.

Outstanding Debtors

Sundry debtors	236 128	145 533
Sale of erven	596	1 307
Services	777 396	840 451
Property rates	1 118 740	1 328 849
	2 132 860	2 316 140

25. Government grants and subsidies

Operating Grants

Equitable share	77 312 000	70 395 415
Primary Health Care Subsidy	2 510 100	2 400 000
Finance Management Grant	452 265	1 535 154
Municipal Systems Improvement Grant	199 016	216 393
Municipal Infrastructure Grant	1 133 706	1 054 176
Department Environmental Affairs & Tourism	-	106 781
Local government transition grant	-	9 195
	81 607 087	75 717 114

Capital Grants

Municipal Infrastructure Grant	25 989 717	22 683 288
Municipal Systems Improvement Grant	865 963	-
Integrated National Electrification Program	3 846 400	7 593 530
Department of Arts and Culture	-	15 848
Department of Environmental Affairs and Tourism	-	67 788
Resettlement Grant	888 526	147 520
Neighbourhood Development Grant	8 702 071	4 611 873
Expanded Public Works Program	1 873 460	856 453
	42 166 137	35 976 300

Equitable Share

This grant is an unconditionally grant and is partially utilised for the provision of indigent support through free basic services. Registered indigents receive a rebate of 100% on assessment rates and a monthly subsidy of R209 (2011: R176) on the cost of other services which are funded from this grant.

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
25. Government grants and subsidies (continued)		
Finance Management Grant		
Balance unspent at beginning of year	1 114 053	1 649 207
Current-year receipts	1 250 000	1 000 000
Conditions met - transferred to revenue	(452 265)	(1 535 154)
Recovered by National Treasury	(900 000)	-
Unspent amount transferred to liabilities	1 011 788	1 114 053

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	617 000	83 393
Current-year receipts	790 000	750 000
Conditions met - transferred to revenue	(1 064 979)	(216 393)
Unspent amount transferred to liabilities	342 021	617 000

Conditions still to be met - remain liabilities (see note 15)

This grant was used to build in-house capacity to perform their functions and stabilise institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Department of Environmental Affairs

Balance unspent at beginning of year	416 872	591 440
Conditions met - transferred to revenue	-	(174 568)
Unspent amount transferred to liabilities	416 872	416 872

Conditions still to be met - remain liabilities (see note 15)

This programme is created to promote a healthy and clean environment through public awareness, greening and waste management. The conditions per business plan were met and no funds have been withheld.

Municipal Infrastructure Grant (MIG)

Balance unspent / (due) at beginning of year	(3 658 628)	7 235 755
Current-year receipts	30 957 000	13 739 000
Conditions met - transferred to revenue	(27 123 423)	(24 633 383)
Recovered by National Treasury	(458 000)	-
Debtor raised	458 000	-
Unspent amount transferred to liabilities	174 949	(3 658 628)

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld. An amount of R458 000 was recovered by National Treasury for unspent portion of 2010/2011.

Integrated National Electrification Grant (INEP)

Balance unspent at beginning of year	2 406 470	-
Current-year receipts	1 440 000	10 000 000
Conditions met - transferred to revenue	(3 846 400)	(7 593 530)
	70	2 406 470

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
25. Government grants and subsidies (continued)		
This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met and no funds have been withheld.		
Department of Arts and Cultural		
Balance unspent at beginning of year	6 861	22 709
Conditions met - transferred to revenue	-	(15 848)
Unspent amount transferred to liabilities	6 861	6 861
This grant is used to upgrade library facilities to improve services and address the needs of the community. The conditions per the business plan were met and no funds have been withheld. No grant for the 2011/2012 financial year was received.		
Provincial Health Subsidy		
Balance unspent / (due) at beginning of year	(6 552 000)	(4 152 000)
Conditions met - transferred to revenue	(2 510 100)	(2 400 000)
Outstanding amount transferred to other debtors. (See note 6)	(9 062 100)	(6 552 000)
The municipality renders health service on behalf of the Provincial Government and is refunded approximately 14.95% of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of this grant has been met but the subsidy has not been received yet.		
Resettlement Grant - Botshabelo		
Balance unspent at beginning of year	1 577 168	-
Current-year receipts	-	1 724 688
Conditions met - transferred to revenue	(888 526)	(147 520)
Unspent amount transferred to liabilities	688 642	1 577 168
Conditions still to be met - remain liabilities (see note 13)		
This grant was received as a result of the land claim on the property which was alienated. The Council resolved that the funds be utilised towards the town planning costs for the village to be established on the said property for the resettlement of the previous inhabitants of the area.		
Neighbourhood Development Partnership Grant		
Balance unspent at beginning of year	5 387 947	-
Current-year receipts	15 000 000	9 999 820
Conditions met - transferred to revenue	(8 702 071)	(4 611 873)
	11 685 876	5 387 947
Conditions still to be met - remain liabilities (see note 15)		
This grant is given to municipalities to provide them with capital subsidies for property development in townships and new residential neighbourhoods that include the construction or upgrading of community facilities, and where appropriate, to attract private sector funding and input. Other than the unspent amount, the conditions of the grant was met and no funds had been withheld.		
Expanded Public Works Program		
Balance unspent / (due) at beginning of year	(55 453)	-
Current-year receipts	1 744 000	801 000
Conditions met - transferred to revenue	(1 873 460)	(856 453)
	(184 913)	(55 453)

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
25. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 15)		
The Expanded public Works Program is a special performance-based incentive provided to provinces and municipalities that contribute to the employment creation efforts of the expanded public works program through the employment of previously unemployed people.		
26. Public contributions and donations		
Nkangala District Municipality	30 462 101	12 128 372
Developer contribution	2 044 739	-
Public Donation (capital)	5 399 395	709 740
National Lottery Trust Fund	29 590	970 410
	37 935 825	13 808 522
27. Other income		
Sale of Erven	52 318 228	6 784 408
Main Service Contribution	6 586 462	2 677 445
Building Plan Fees	1 475 946	1 345 506
Entrance Fees	23 925	16 595
Community Service Fees	687 929	695 004
Dumping Site Fees	930 930	899 591
Option Fees	217 896	262 719
Connection Fees	7 296 144	5 188 960
Insurance Claims	1 980 934	1 631 451
Refund skills development	1 377 306	649 149
Admin Fees	2 597 840	2 744 117
Fair Value Adjustment	51 358	4 725
Sundry fees	2 044 459	2 307 408
Internal Fees	230 708	143 386
	77 820 065	25 350 464
28. Employee related costs		
Salaries	167 450 111	154 491 357
Medical aid	11 969 965	10 324 658
Unemployment Insurance Fund	1 519 583	1 414 165
Workmen's Compensation	1 625 796	1 406 547
Post-employment benefits - Pension fund contributions	29 061 480	26 806 533
Overtime payments	37 616 539	30 268 680
Housing allowances	1 647 362	1 462 269
Group Insurance	1 137 161	1 033 561
Less: Employee costs included in other expenses	-	(676 000)
Less: Employee costs capitalised to PPE	-	(667 568)
Cellphone Allowances	299 635	64 542
	252 327 632	225 928 744
Remuneration of municipal manager		
Annual Remuneration	1 111 922	1 048 191
Executive Manager Finance		
Annual Remuneration	369 517	836 012

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
28. Employee related costs (continued)		
Executive Manager Corporate Services		
Annual Remuneration	886 842	836 012
Executive Manager Public Services		
Annual Remuneration	886 842	836 012
Executive Manager Technical Facilities		
Annual Remuneration	886 842	836 012
The municipality had 1290 permanent employees at reporting date.		
29. Remuneration of councillors		
Councillors	14 613 183	11 933 927
Councillors remuneration is made up of the following:		
Councillors remuneration	9 579 072	7 313 468
Pension Contributions	576 465	942 362
Medical Aid Contributions	170 411	226 499
Motor vehicle allowance	3 475 958	2 787 282
Cell phone allowances	760 892	599 034
Other benefits and allowances	50 385	65 282
	14 613 183	11 933 927
The municipality have 9 fulltime councillors and 49 part time councillors.		
30. Finance costs		
Annuity loan	14 032 052	13 465 774
Lease liability	78 333	136 199
Interest retention discounting	475 105	559 995
	14 585 490	14 161 968
31. Bulk purchases		
Electricity	242 534 922	186 502 256
Water	8 038 883	5 606 508
	250 573 805	192 108 764
Electricity losses	11,64%	10,10%
Water losses	18,88%	25,55%

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
32. Grants and subsidies paid		
Grants and subsidies paid		
Tourist Information Centre	115 000	110 000
Animal Care SPCA	275 000	200 000
Forever Loskop Marathon	25 000	25 000
Botshabelo	-	200 000
Business Linkage	160 000	155 000
Other Grants	50 000	118 259
Free Basic Services	38 538 077	29 155 217
Rebates	4 865 472	5 181 721
	44 028 549	35 145 197
33. Contributions to/(from) certain provisions and accruals		
Employee stated benefit	5 113 000	11 005 000
Long service awards	(2 234 883)	201 138
Staff leave	3 995 869	3 918 242
Landfill rehabilitaion	-	273 477
Housing development fund	3 045	16 235
	6 877 031	15 414 092
34. General expenses		
Advertising	3 424 255	3 542 383
Audit fees	3 159 746	2 089 347
Bank charges	1 525 819	1 137 271
Communications	3 932 203	3 871 008
Insurance	6 721 546	5 733 166
Legal Fees	3 686 832	2 342 950
Travel and Accomodation	13 707 010	13 338 049
Materials and Supplies	24 211 364	21 192 893
Skills Development and Training	4 359 973	4 004 493
Transportation	2 032 183	3 408 438
Licensing Fees	2 142 842	1 644 008
Rental fees	509 411	488 557
Consulting and professional fees	3 403 894	3 513 805
Postage and courier	1 369 889	1 370 216
Other	10 097 248	8 509 862
Inventory	14 813 853	12 412 764
Connection Fees	2 562 633	22 694 831
	101 660 701	111 294 041

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
35. Cash generated from operations		
Surplus (deficit)	69 823 599	(47 823 892)
Adjustments for:		
Depreciation and amortisation	159 590 653	157 081 455
(Loss) gain on sale of assets and liabilities	(23 935)	1 639 818
Debt impairment	4 797 175	4 087 657
Non-Operating Income	13 849 797	27 583 594
Non-Operating Expenditure	(4 070 578)	(2 853 780)
Changes in working capital:		
Inventory	6 471 348	(3 424 451)
Other debtors	(9 793 110)	(20 971 054)
Consumer debtors	(9 329 600)	(9 738 311)
Creditors	15 306 044	23 040 376
	246 621 393	128 621 412

36. Correction of error

Other Debtors

In the previous set of financial statements for the year ending 30 June 2011, the figure indicated under Other Debtors, was incorrectly stated as a result of a debtor not being raised. The opening balance for the current financial year has been adjusted as follows : (Refer Note 6 Other Debtors)

Statement of Financial Position

Current Assets

Closing balance as at 30 June 2011	-	21 745 243
Correction of error	-	153 776
Restated balance	-	21 899 019

Note 6 : Other Debtors

Other Debtors

Closing balance as at 30 June 2010	-	3 614 072
Correction of error	-	153 776
Restated balance	-	3 767 848

Property, Plant & Equipment

After the compilation of the Annual Financial Statements for the year ending 30 June 2011, it was discovered that there was some formula errors in the calculation of depreciation in the Fixed Asset Register. Furthermore, through a land audit which was undertaken by an external service provider, it was found that there were portions of land which did not appear in the Fixed Asset Register, and also some erven were duplicated on the Inventory Register. These were corrected and the balances are restated as follows: (Refer Note 9: Property Plant & Equipment)

Statement of Financial Position

Non-current Assets

Property, Plant & Equipment

Closing balance as at 30 June 2011	-	6 144 476 507
Correction of error: Historical Cost: Community Assets	-	(277 680)
Correction of error: Historical Cost: Land	-	(49 124 914)
Correction of error: Accumulated Depreciation: Infrastructure	-	27 584
Correction of error: Accumulated Depreciation: Community Assets	-	(1 732)
Correction of error: Accumulated Depreciation: Other Assets	-	(1 840)
Restated balance	-	6 095 097 925

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
36. Correction of error (continued)		
Note 9 Property Plant & Equipment Infrastructure		
Carrying Value 30 June 2011	-	2 446 950 256
Correction of error	-	27 584
Restated Balance	-	2 446 977 840
Note 9 Property Plant & Equipment Community Assets		
Carrying Value 30 June 2011	-	496 064 886
Correction of error	-	(279 412)
Restated balance	-	495 785 474
Note 9 Property Plant & Equipment Land		
Closing balance as 30 June 2011	-	2 936 006 625
Correction of error	-	(49 124 914)
Restated balance	-	2 886 881 711
Note 9 Property Plant & Equipment Other Assets		
Closing balance as 30 June 2011	-	87 827 425
Correction of error	-	(1 840)
Restated balance	-	87 825 585
Provisions		
After the completion of the financial statements for the year ending 30 June 2011, it became apparent that the figure indicated under Provisions for the sale of church erven, was not correct, due to agreements not in our possession. The opening balance for the new financial year, had been adjusted as follows :(Refer Note 12 Provisions)		
Statement of Financial Position Liabilities		
Non-Current Liabilities		
Closing balance as at 30 June 2011	-	4 060 786
Correction of error	-	15 770
	-	4 076 556
Note 12 : Provisions Church erven		
Closing balance as at 30 June 2011	-	289 541
Correction of error	-	15 770
Restated balance	-	305 311

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
36. Correction of error (continued)		
Reconciliation Accumulated Surplus		
After all the corrections of error are accounted for, the restated accumulate surplus as at 30 June 2011, will be as follows:		
Statement of Changes in Net Assets		
Closing balance as at 30 June 2011	-	6 260 061 269
Correction of error	-	(49 240 576)
Restated balance	-	6 210 820 693
37. Commitments		
Authorised capital expenditure		
Approved and contracted for		
• Land and buildings	22 653 632	38 785
• Infrastructure	74 735 470	27 931 603
• Community assets	1 954 792	-
• Other assets	-	111 113 749
• Specialised vehicles	1 620 000	-
	100 963 894	139 084 137
Approved but not yet contracted for		
• Land and buildings	4 960 423	825 000
• Infrastructure	4 682 014	3 276 000
• Community assets	381 002	-
• Other assets	-	15 005 000
• Specialised vehicles	2 290 000	450 000
• Intangibles	1 000 000	-
	13 313 439	19 556 000
This expenditure will be financed from		
External loans	76 425 720	79 466 700
Internal Generated Funds	24 695 481	66 672 580
Government grants	13 156 132	12 500 857
	114 277 333	158 640 137

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

R

R

38. Contingencies

Contingent liabilities

Forthwith is a list of possible liability claims where the outcome was unknown at year end:

1. M.M. Selala on behalf of Phillip Selala – this is a claim for damages in the amount of R175 000,00 against the municipality for the injury to his child as result of loose paving.
2. N.J. & R.D. Mahlaba – this is a claim for damages in the amount of R200 000,00 whereby a nurse in the employment of the municipality incorrectly diagnosed a patient as being HIV positive.
3. T.A.C. Wesson – this is a claim for the amount of R100 000,00 for unlawful arrest in a traffic related incident.
4. ABSA Technology Finance Solutions (Pty) Ltd - this is a claim of R22 000,00 as the sum owing at the date of termination of the Master Rental Agreement.
5. Steven Mahlangu – this is a claim for the amount of R100 000,00 for unlawful arrest in a traffic related incident.
6. H.E. Scheepers – this is a claim for the amount of R300 000,00 for unlawful arrest in a traffic related incident. Mr. Scheeper's attorney is awaiting outcome of criminal appeal before deciding whether to pursue with the civil claim against the municipality or not.
7. J.B. Mahlangu – this is a claim for the amount of R50 000,00 wherein the fire department vehicle negligently collided with a minibus taxi.
8. F. De Beer – a claim for damages in the amount of R13 690 was instituted against the municipality for damage caused by a pothole to a motor vehicle on corner Cowen Ntuli & Walter Sisulu street.
9. Midway Mall (Pty) Ltd – this is a High Court case for the claim of R5-million for the cancellation of a deed of sale. Property was subsequently alienated to La Roca (Pty) Ltd.
10. Lurco Investment (Pty) Ltd – an appeal hearing against the municipality's decision not to approve the rezoning application. Mpumalanga Township Board made recommendation to uphold the appeal and to grant a high court costs order against the municipality. Should the MEC for Mpumalanga Provincial Government Department of Agriculture and Land Administration agree with the recommendation, costs to the amount of ±R500 000 will be payable.
11. South African Local Authority Pension Fund – this is a claim for an amount of R76 268,00 being the amount paid to the beneficiary by the fund as a result of the failure by municipality to timesously submit the claim forms.
12. S.van Zyl – this is a claim for an amount of R200 000,00 for unlawful arrest in a traffic related incident.
13. P. W. Botha & Others – this is a claim for an amount of R352 500,00 for unlawful arrest in a traffic related incident.
14. S. van Vreden – this is a claim for an amount of R1 343 102,93 for damages, pain and suffering, loss of income, etc due to alleged negligence by the municipality.
15. Triple E Training Holdings (Pty)Ltd - This is a claim for damages in the amount of R12 938 for services rendered(ABET).
16. S. Moroamoche - this is a claim for damages in the amount of R72 700.00 against the Municipality for damage to a vehicle in an accident. The matter is defended by Council's attorneys.
17. P.J. Jansen - this is a claim for damages in the amount of R100 000.00 against the Municipality for unlawful arrest. The matter is defended by Council's insurers attorneys.
18. N.O. Vukapi - this is a letter of demand wherein a claim of R253 450.00 is being made for negligence on the part of the Municipality. Further particulars have been requested from the claimant and are still waiting for the same.
19. E'Mhluzi Mall - this is a civil claim in the High Court for an approximate amount of R3-million or for retransfer of property to the Municipality.

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
38. Contingencies (continued)		
20. MB Lehwelere - this is a claim for damages in the amount of R50 000 against the municipality after the claimant was dismissed at a disciplinary hearing dring August 2006.		
21. C van Rensburg - this is a claim for damages in the amount of R100 000 against the municipality after a wheel dislodged from a vehicle which was driven by a Council employee on 15 May 2008.		
22. N.M. Pieterse - this is a claim for damages in the amount of R50 000,00 against the Municipality for unlawful arrest. The matter is defended by Council's insurers.		
23. Zurich Insurance Company on behalf of A.N. Strydom - this is a claim for damages in the amount of R76 866,74 against the Municipality for damage to a vehicle in an accident. The matter is defended by Council's insurers.		
24. B. Chego - this a claim for damages in the amount of R100 000,00 against the Municipality for damage to a vehicle in an accident. The matter is defended by Council's insurers.		
25. C.J.Du Bruyn on behalf of V.Du Bruyn (minor) - this is a claim for damages in the amount of R250 272, 50 against the Municipality for negligence. The matter is defended by Council's insurers.		
26. P.B. Siziba on behalf of P.M. Siziba (minor) - this is a claim for damages in the amount of R505 000,00 against the Municipality for negligence. The matter is defended by Council's insurers.		
27. A.F. Talane - this is a claim for damages in the amount of R50 000,00 against the Municipality for unlawful arrest. The matter is defended by Council's insurers.		
28. E.B. Mahlangu - this is a claim for damages in the amount of R50 000,00 against the Municipality for unlawful arrest. The matter is defended by Council's insurers.		
29. M.P. Kunneke - this is a claim for damages in the amount of R1 000 000,00 against the Municipality for negligence. The matter is defended by Council's insurers.		
30. Prestige Events - This is a claim for damages in the amount of R682 437,70 against the municipality for breach of contract The matter is defended by councils attorneys..		

Contingent assets

Nkangala District Municipality executes capital projects which will be donated to Council on completion. Shanduka Coal is in the process of building a cobbled road at Tokologo which will be donated to Council on completion. At reporting date, the following uncompleted capital projects were identified for the following asset classes:

Water	33 319 713	15 679 909
Sewerage	5 066 484	11 848 847
Roads	3 811 814	1 428 661
Stormwater	-	6 571 549
Sport & recreation	-	2 854 318
Town planning and Urban developement	665 210	826 853
Community Hall (Cosmos)	-	5 000 000
Tokologo cobbeled road	4 011 470	-
	46 874 691	44 210 137

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
39. Disclosure on Councillors Remuneration		
Executive Mayor	693 424	604 965
Speaker	543 729	485 837
Chief Whip	495 347	464 003
Mayoral Committee Members	3 035 570	2 733 432
Councillors	9 794 728	7 580 408
UIF	50 385	65 282
	14 613 183	11 933 927

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of Council. The Executive Mayor has use of a Council owned vehicle and driver for official duties. The Executive Mayor has a personal assistant to assist him in his duties. Disclosure in terms of the MFMA, 2003, Section 124(1)(a).

40. Disclosure on arrears by councillors'

During the year the following councillors had arrear accounts outstanding for more than 90 days

Councillor SD Nkademeng Account 86-0155-2X	120 days 1 854	90 days 522
Councillor LE Mkhuma Account 66-0295-7X	120 days 1 158	90 days -

41. Additional disclosure in terms of Municipal Finance Management Act

Contribution to SALGA

Membership fees payable	1 757 393	1 051 750
Amount paid - current year	(1 757 393)	(1 051 750)
Balance unpaid (included in creditors)	-	-

MFMA, Section 125(1)(b)

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
41. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Current year audit fee	1 972 445	1 357 262
Amount paid - current year	(1 972 445)	(1 357 262)
Balance unpaid (included in creditors)	-	-
MFMA, Section 125(1)(c)		
PAYE and UIF		
Current year payroll deductions (PAYE)	31 930 651	27 411 258
Current year payroll deductions (UIF)	3 139 935	2 958 895
Amount paid current year (PAYE)	(31 930 651)	(27 411 258)
Amount paid current year (UIF)	(3 139 935)	(2 958 895)
Balance unpaid (included in creditors)	-	-
MFMA, Section 125(1)(c)		
Pension and Medical Aid Deductions		
Current year payroll deductions (Medical Aid)	20 137 109	17 519 494
Current year payroll deductions (Pension fund)	41 618 870	39 270 015
Amount paid current year (Medical Aid)	(20 137 109)	(17 519 494)
Amount paid current year (Pension fund)	(41 618 870)	(39 270 015)
Balance unpaid (included in creditors)	-	-
MFMA, Section 125(1)(c)		
VAT		
VAT receivable	11 645 519	15 520 092
VAT payable	(4 310 045)	(2 702 834)
	7 335 474	12 817 258
All VAT returns have been submitted by the due date throughout the year, MFMA, Section 125(1)(c).		
Output Tax		
Opening balance	(2 702 834)	(3 209 739)
Closing balance	(4 310 045)	(2 702 834)
Input Tax		
Opening balance	15 520 092	1 231 925
Amount claimed from SARS	14 740 926	15 520 092
Amount received from SARS	(18 615 499)	(1 231 925)
Amount payable to SARS	13 675 316	2 454 785
Amount paid current year	(13 675 316)	(2 454 785)
Balance outstanding (to)/from SARS	11 645 519	15 520 092

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
42. Summary of investments		
The municipality has the following investments:		
Short term fixed deposits		
ABSA Bank		
Balance at beginning of the year	66 000 000	108 000 000
Investments made	144 000 000	138 000 000
Investments matured	(174 000 000)	(180 000 000)
Balance at end of the year	36 000 000	66 000 000
First National Bank		
Balance at beginning of the year	36 000 000	72 000 000
Investments made	108 000 000	144 000 000
Investments matured	(108 000 000)	(180 000 000)
Balance at end of the year	36 000 000	36 000 000
Investec		
Balance at beginning of the year	66 000 000	108 000 000
Investments made	144 000 000	174 000 000
Investments matured	(138 000 000)	(216 000 000)
Balance at end of the year	72 000 000	66 000 000
Nedbank		
Balance at beginning of the year	72 000 000	72 000 000
Investments made	180 000 000	108 000 000
Investments matured	(144 000 000)	(108 000 000)
Balance at end of the year	108 000 000	72 000 000
Standard Bank		
Balance at beginning of the year	66 000 000	108 000 000
Investments made	144 000 000	138 000 000
Investments matured	(138 000 000)	(180 000 000)
Balance at end of the year	72 000 000	66 000 000
Subtotal	324 000 000	306 000 000
Long Term Fixed deposits		
ABSA Bank		
Balance at beginning of the year	15 772 612	15 000 000
Interest made	-	772 612
Investments matured	(15 772 612)	-
Subtotal	-	15 772 612
Total Investments	-	321 772 612

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
43. Disclosure on arrears by Government		
Department of Education		
Current	7 675	17 351
Arrear	103 942	46 604
	111 617	63 955
Department of Public Works (Roads)		
Current	71 402	102 340
Arrear	-	219 992
	71 402	322 332
Department of Public Works (Other)		
Current	155 407	167 104
Arrear	246 425	204 158
	401 832	371 262
Other government institutions		
Current	244 386	231 684
Arrear	214 846	110 357
	459 232	342 041
Total arrears		
Current	478 870	518 479
Arrear	565 214	581 111
	1 044 084	1 099 590

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
44. Irregular expenditure		
Irregular Expenditure	-	919 599
	-	-
	<u>-</u>	<u>919 599</u>
Details of irregular expenditure – current year		
		-
Awards to employees in service of the Municipality:		
Poloko Trading 564 t/a K&B Services	-	50 000
Awards to employees from other organs of state:		
Mpumamanzi Laboratory Services	-	308 387
Eldocrete	-	191 520
Khumbula Productions	-	270 408
Bula Ketsene Trading Enterprise	-	28 785
Deen and Atiya Trading Enterprise	-	18 650
Payati Business Enterprise	-	51 849
Alikaze Trading	11 100	-
	<u>11 100</u>	<u>919 599</u>

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	R	R
45. Fruitless and wasteful expenditure		
SABC event	30 000	-
Envirofill	220 884	-
Fruitless and wasteful expenditure	-	5 580
Recovered amount	-	(5 580)
Balance	250 884	-

The outcome of the investigations for both these reported cases are still pending.

46. Supply chain management regulations - Other matters

Paragraph 13(c)(iii) of Government Gazette No. 27636 issued on 30 May 2005 indicates that a supply chain management policy must state that a municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted a quotation or bid has indicated whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Paragraph 45(a),(b) &(c) of Government Gazette No. 27636 issued on 30 May 2005 states that the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.

Name of supplier and relationship

Pro Video - relative working at STLM IT Department	35 783	-
Nokuvuya Trading - aunt working for STLM Supply Chain Unit	30 460	-
Isikhathi Esikhuku Events Management CC - relative working at Boskrans Sewer plant	18 104	-
Manico Toetsstasie Middelburg - relative working for Public Works	5 830	-
Lifting Operator Training Centre - wife is a teacher	19 722	-
Payati Business Enterprise - wife is a secretary at STLM Parks Department	156 279	-
Mpumamanzi Lab Services - spouse is a teacher	149 425	-
Aerocon SA - family members working for organ of State	91 770	-
	507 373	-

47. Related parties

Other than the related parties indicated in note 28, 29, 39 and 47, the municipality do not have any other related parties. No transactions occurred with related parties that were not at arm's length or not in the ordinary course of business.

APPENDIX A
STEVE TSWHETE LOCAL MUNICIPALITY : SHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Loan No	Redeemable	Balance at 30 June 2011	Interest paid during the period	Received during the period	Redeemed or Written off during the period	Balance at 30 June 2012
			R		R	R	R
ANNUITY LOAN							
INCA @ 12.80%	MIDD-00-0003	31/12/2012	7 256 428	786 609		4 685 990	2 570 438
ABSA @ 14.40%	40 5934 1607	24/11/2011	4 528 486	262 627		4 528 486	-
FNB @ 12.50%	MIDD-00-0004	30/06/2019	22 142 365	2 723 336		1 737 146	20 405 219
SCMB @ 9.62%	87016-348242	01/09/2015	18 104 048	1 667 277		3 386 825	14 717 223
INCA @ 9.59%	DEAL 9234	30/06/2022	29 816 673	2 821 622		1 626 475	28 190 198
INCA @ 9.29%	DEAL 14446	30/06/2023	31 216 138	2 866 079		1 505 485	29 710 653
INCA @ 9.02%	DEAL 7847	28/06/2024	32 539 742	2 904 501		1 398 630	31 141 112
TOTAL ANNUITY LOANS			145 603 880	14 032 051	-	18 869 037	126 734 843
TOTAL EXTERNAL LOANS			145 603 880	14 032 051	-	18 869 037	126 734 843

Carrying value of Property, plant & equipment	Other Costs in accordance with the MFA
R	R
-	
-	
9 114 549	
-	
20 752 399	
22 274 076	
33 705 659	
31 106 522	
46 033 016	
162 986 221	-
162 986 221	-

APPENDIX B
STEVE TSHWETE LOCAL MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS 30 JUNE 2012

	HISTORICAL COST							ACCUMULATED DEPRECIATION							Carrying Value
	Opening per asset register	Correction of Error	Restated Opening Balance	Additions	Under Construction	Disposals / Transfers	Closing Balance	Opening per asset register	Correction of Error	Restated Opening Balance	Additions	Disposals / Written off	Impairment	Closing Balance	
INFRASTRUCTURE	4 592 208 579	-	4 592 208 579	130 304 310	34 595 740	-	4 757 108 626	2 142 507 348	(27 584)	2 142 479 764	117 961 364	-	-	2 260 441 132	2 496 667 494
Roads, Pavements, Bridges	1 179 722 967	-	1 179 722 967	59 279 196	5 689 770	-	1 244 691 932	619 907 143	-	619 907 143	42 711 859	-	-	662 619 002	582 072 930
Storm water	497 356 806	-	497 356 806	13 807 771	72 093	-	511 236 669	223 717 645	(28 960)	223 688 685	11 859 494	-	-	235 548 180	275 688 489
Dams & Reservoirs	497 308 549	-	497 308 549	-	-	-	497 308 548	197 208 198	-	197 208 198	6 100 839	-	-	203 309 037	293 999 511
Water Purification	46 132 709	-	46 132 709	(1 255 855)	343 175	-	45 220 029	27 879 225	-	27 879 225	1 935 039	-	-	29 814 264	15 405 765
Water Reticulation	488 691 417	-	488 691 417	5 306 153	209 198	-	494 206 768	265 850 158	(13 072)	265 837 086	13 096 631	-	-	278 933 718	215 273 050
Transportation	10 823 029	-	10 823 029	(343 859)	-	-	10 479 170	3 218 679	-	3 218 679	323 033	-	-	3 541 712	6 937 458
Electricity Reticulation	980 270 913	-	980 270 913	26 920 150	11 997 761	-	1 019 188 824	363 478 257	14 448	363 492 705	23 284 718	-	-	386 777 424	632 411 400
Sewerage Reticulation	645 171 985	-	645 171 985	23 123 038	14 984 550	-	683 279 573	325 832 917	-	325 832 917	8 333 454	-	-	334 166 371	349 113 202
Sewerage Purification	110 498 018	-	110 498 018	-	-	-	110 498 018	57 942 263	-	57 942 263	3 653 608	-	-	61 595 872	48 902 146
Housing	4 708 077	-	4 708 077	-	-	-	4 708 077	2 295 439	-	2 295 439	156 632	-	-	2 452 071	2 256 006
Housing Development Fund	6 742 664	-	6 742 664	-	-	-	6 742 664	3 991 695	-	3 991 695	260 032	-	-	4 251 727	2 490 937
Street Lighting	76 928 858	-	76 928 858	2 608 443	-	-	79 537 301	23 152 026	-	23 152 026	1 738 134	-	-	24 890 160	54 647 141
Waste Management	37 565 657	-	37 565 657	859 272	98 243	-	38 523 172	22 807 644	-	22 807 644	2 830 168	-	-	25 637 812	12 885 360
Other (Town Planning & Development)	10 286 931	-	10 286 931	-	1 200 950	-	11 487 881	5 226 060	-	5 226 060	1 677 723	-	-	6 903 783	4 584 098
COMMUNITY ASSETS	660 552 826	(277 680)	660 275 146	25 023 447	6 517 075	24 248	691 791 421	164 487 941	1 732	164 489 673	14 794 088	10 885	-	179 272 876	512 518 545
Parks & Gardens	220 243 519	(277 680)	219 965 839	(1 562 057)	-	-	218 403 782	29 179 002	-	29 179 002	2 760 994	-	-	31 939 996	186 463 786
Sportsfields & Stadia	158 434 272	-	158 434 272	6 375 926	-	-	164 810 198	62 775 342	1 732	62 777 074	3 797 041	-	-	66 574 115	98 236 083
Swimming Pools	5 645 953	-	5 645 953	-	-	-	5 645 953	3 549 909	-	3 549 909	284 686	-	-	3 834 596	1 811 357
Community Halls	65 133 300	-	65 133 300	17 564 465	6 469 505	-	89 167 270	6 393 254	-	6 393 254	1 019 720	-	-	7 412 973	81 754 297
Libraries	13 222 857	-	13 222 857	198 605	-	-	13 421 462	3 642 496	-	3 642 496	464 834	-	-	4 107 330	9 314 132
Recreational Facilities	3 664 876	-	3 664 876	450 456	-	-	4 115 332	2 070 494	-	2 070 494	137 732	-	-	2 208 226	1 907 106
Fire, Safety & Emergency	12 583 329	-	12 583 329	-	-	-	12 583 329	4 303 462	-	4 303 462	402 391	-	-	4 705 852	7 877 477
Security & Policing	42 499 355	-	42 499 355	1 093 254	47 570	24 248	43 615 931	20 815 406	-	20 815 406	2 900 825	10 885	-	23 705 345	19 910 586
Clinics	27 020 784	-	27 020 784	902 798	-	-	27 923 582	7 816 078	-	7 816 078	1 275 637	-	-	9 091 715	18 831 867
Museums & Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	112 104 582	-	112 104 582	-	-	-	112 104 582	23 942 499	-	23 942 499	1 750 229	-	-	25 692 727	86 411 855
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HERITAGE ASSETS	97 741	-	97 741	298 572	-	-	396 313	88 900	-	88 900	-	-	-	88 900	307 413
Other	97 741	-	97 741	298 572	-	-	396 313	88 900	-	88 900	0	-	-	88 900	307 413
OTHER ASSETS	3 332 776 573	(49 124 914)	3 283 651 659	29 333 087	5 614 891	7 578 793	3 311 020 844	152 853 211	1 840	152 855 052	24 127 833	220 039	-	176 762 845	3 134 257 999
General Vehicles	37 624 276	-	37 624 276	2 674 992	-	305 021	39 994 247	19 182 562	-	19 182 562	2 995 887	220 039	-	21 958 410	18 035 837
Plant & equipment	58 749 883	-	58 749 883	17 547 413	1 938	-	76 299 234	31 519 773	1 840	31 521 614	6 670 561	-	-	38 192 174	38 107 060
Computers - Hardware/Equipment	36 760 863	-	36 760 863	5 005 888	1 390 004	-	43 156 755	17 922 084	-	17 922 084	5 779 054	-	-	23 701 138	19 455 617
Office equipment	15 200 184	-	15 200 184	2 342 886	-	-	17 543 070	9 793 837	-	9 793 837	1 902 104	-	-	11 695 940	5 847 130
Abattoirs	67 153	-	67 153	-	-	-	67 153	60 441	-	60 441	2 244	-	-	62 684	4 469
Civic Land & Buildings	187 537 468	-	187 537 468	1 897 533	1 006 509	-	190 441 510	39 567 842	-	39 567 842	5 119 435	-	-	44 687 277	145 754 233
Other Buildings	60 830 120	-	60 830 120	(636 193)	2 017 817	-	62 211 744	34 806 673	-	34 806 673	1 658 548	-	-	36 465 222	25 746 522
Other Land	2 936 006 625	(49 124 914)	2 886 881 712	500 568	1 198 623	7 273 772	2 881 307 131	-	-	-	-	-	-	-	2 881 307 131
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPECIALISED VEHICLES	27 987 321	-	27 987 321	721 123	-	-	28 708 444	10 715 233	-	10 715 233	1 409 597	-	-	12 124 829	16 583 615
Refuse	14 100 601	-	14 100 601	-	-	-	14 100 601	6 177 064	-	6 177 064	759 964	-	-	6 937 028	7 163 573
Fire	13 886 720	-	13 886 720	721 123	-	-	14 607 843	4 538 168	-	4 538 168	649 633	-	-	5 187 801	9 420 042
LEASED ASSETS	2 884 443	-	2 884 443	29 112	-	-	195 527	1 378 338	-	1 378 338	309 009	181 906	-	1 505 440	1 212 588
Plant & equipment	49 014	-	49 014	-	-	49 014	-	38 413	-	38 413	6 816	45 229	-	0	(0)
Office equipment	1 676 003	-	1 676 003	29 112	-	146 513	1 558 602	1 063 772	-	1 063 772	269 789	136 677	-	1 196 884	361 718
Other Buildings	1 159 426	-	1 159 426	-	-	-	1 159 426	276 152	-	276 152	32 404	-	-	308 556	850 870
TOTAL	8 616 507 483	(49 402 594)	8 567 104 889	185 709 651	46 727 706	7 798 568	8 791 743 676	2 472 030 971	(24 012)	2 472 006 960	158 601 891	412 830	-	2 630 196 022	6 161 547 654
INTANGIBLE ASSETS	13 079 256	-	13 079 256	434 737	-	-	13 513 993	10 753 932	-	10 753 932	988 766	-	-	11 742 698	1 771 295
Software	13 079 256	-	13 079 256	434 737	-	-	13 513 993	10 753 932	-	10 753 932	988 766	-	-	11 742 698	1 771 295
Servitudes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	8 629 586 739	(49 402 594)	8 580 184 145	186 144 388	46 727 706	7 798 568	8 805 257 669	2 482 784 903	(24 012)	2 482 760 892	159 590 657	412 830	-	2 641 938 720	6 163 318 949

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2012

	Opening per asset register	Correction of error	Restated Opening Balance	Additions	Under Construction	Disposals/ Transfers	Closing Balance	Opening per asset register	Correction of error	Restated Opening Balance	Additions	Disposals/ Transfers	Closing Balance	Carrying Value
EXECUTIVE & COUNCIL	9 749 069	-	9 749 069	823 301	-	74 014	10 498 356	5 362 505	-	5 362 505	1 230 146	69 968	6 522 684	3 975 672
Executive & Council	3 782 701	-	3 782 701	294 253	-	17 102	4 059 852	1 418 633	-	1 418 633	460 461	16 217	1 862 877	2 196 975
Municipal Manager	5 966 369	-	5 966 369	529 048	-	56 912	6 438 504	3 943 872	-	3 943 872	769 686	53 750	4 659 807	1 778 697
BUDGET & TREASURY	6 629 139	-	6 629 139	243 165	17 102	3 989	6 885 417	4 149 083	-	4 149 083	461 843	3 741	4 607 185	2 278 233
Budget & Treasury	6 629 139	-	6 629 139	243 165	17 102	3 989	6 885 417	4 149 083	-	4 149 083	461 843	3 741	4 607 185	2 278 233
CORPORATE SERVICES	1 323 001 681	(64 926 262)	1 258 075 419	7 542 623	4 085 041	4 653 373	1 265 049 712	96 413 287	-	96 413 285	14 802 692	71 953	111 144 024	1 153 905 687
Human Resources	1 303 144	-	1 303 144	67 314	-	66 826	1 303 632	696 776	-	696 776	194 328	60 889	830 215	473 418
Information Technology	26 750 901	-	26 750 901	2 258 289	1 390 004	-	30 399 194	14 595 097	-	14 595 097	3 329 291	-	17 924 389	12 474 805
Property Services	1 267 834 345	(64 926 262)	1 202 908 083	566 423	2 695 037	4 574 580	1 201 594 964	68 490 593	-	68 490 592	8 082 315	-	76 572 907	1 125 022 057
Other & Admin	27 113 291	-	27 113 291	4 650 597	-	11 967	31 751 921	12 630 821	-	12 630 820	3 196 757	11 064	15 816 514	15 935 407
PLANNING & DEVELOPMENT	11 128 362	-	11 128 362	19 035	2 384 642	-	13 532 039	4 824 088	-	4 824 089	1 479 792	-	6 303 880	7 228 158
IDP & LED	2 461 341	-	2 461 341	19 035	-	-	2 480 376	632 291	-	632 291	108 374	-	740 665	1 739 711
Planning & Development	8 667 021	-	8 667 021	-	2 384 642	-	11 051 663	4 191 796	-	4 191 797	1 371 418	-	5 563 215	5 488 447
HEALTH	36 393 521	-	36 393 521	1 424 626	-	-	37 818 147	11 049 202	-	11 049 202	1 908 012	-	12 957 213	24 860 934
Clinics	35 539 031	-	35 539 031	1 419 435	-	-	36 958 466	10 629 458	-	10 629 458	1 787 730	-	12 417 188	24 541 278
Health Other	854 490	-	854 490	5 191	-	-	859 681	419 744	-	419 744	120 281	-	540 025	319 656
COMMUNITY & SOCIAL SERVICES	221 643 307	7 100 000	228 743 307	26 734 213	6 471 443	-	261 948 963	53 448 410	-	53 448 410	5 480 870	-	58 929 280	203 019 681
Libraries & Archives	19 570 911	-	19 570 911	1 116 093	-	-	20 687 004	6 863 500	-	6 863 500	1 338 779	-	8 202 279	12 484 726
Events & Facilities	70 142 436	7 100 000	77 242 436	22 582 340	6 471 443	-	106 296 219	7 021 350	-	7 021 350	1 506 378	-	8 527 727	97 768 491
Cemeteries & Crematoriums	105 607 436	-	105 607 436	3 035 780	-	-	108 643 216	25 537 078	-	25 537 078	2 006 795	-	27 543 873	81 099 341
Aged Care	26 322 524	-	26 322 524	-	-	-	26 322 524	14 026 483	-	14 026 483	628 918	-	14 655 401	11 667 123
Other Social	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUMAN SETTLEMENT	14 412 925	-	14 412 925	147 135	-	15 041	14 545 019	7 463 177	-	7 463 177	515 631	14 624	7 964 184	6 580 836
Human Settlement	14 412 925	-	14 412 925	147 135	-	15 041	14 545 019	7 463 177	-	7 463 177	515 631	14 624	7 964 184	6 580 836
PUBLIC SAFETY	126 529 160	-	126 529 160	7 601 897	76 111	337 003	133 870 165	42 806 795	1 840	42 808 635	5 220 344	238 338	47 790 641	86 079 523
Traffic	13 871 916	-	13 871 916	2 411 052	57 815	-	16 340 783	5 755 176	-	5 755 176	1 143 113	-	6 898 290	9 442 494
Emergency Services	36 137 134	-	36 137 134	3 509 263	18 296	337 003	39 327 690	13 910 979	1 840	13 912 819	2 366 501	238 338	16 040 982	23 286 708
Street Lighting	76 520 109	-	76 520 109	1 681 582	-	-	78 201 691	23 140 639	-	23 140 639	1 710 730	-	24 851 369	53 350 321
SPORT & RECREATION	948 530 398	(6 732 138)	941 798 260	12 616 003	-	2 577 885	951 836 379	113 131 842	1 732	113 133 574	9 104 254	-	122 237 828	829 598 550
Sport & Recreation	948 530 398	(6 732 138)	941 798 260	12 616 003	-	2 577 885	951 836 379	113 131 842	1 732	113 133 574	9 104 254	-	122 237 828	829 598 550
WASTE MANAGEMENT	64 900 335	-	64 900 335	3 328 385	98 243	7 978	68 318 985	34 879 645	-	34 879 645	4 812 001	7 322	39 684 323	28 634 662
Solid Waste	64 900 335	-	64 900 335	3 328 385	98 243	7 978	68 318 985	34 879 645	-	34 879 645	4 812 001	7 322	39 684 323	28 634 662
WASTE WATER MANAGEMENT	786 263 765	(465 144)	785 798 623	24 566 233	14 984 550	-	825 349 407	385 821 548	-	385 821 548	12 334 272	-	398 155 820	427 193 586
Sanitation	784 227 700	(465 144)	783 762 557	24 298 761	14 984 550	-	823 045 869	385 515 164	-	385 515 164	12 264 881	-	397 780 045	425 265 823
Public Toilets	2 036 066	-	2 036 066	267 472	-	-	2 303 538	306 385	-	306 385	69 390	-	375 775	1 927 763
ROAD TRANSPORT	3 153 768 316	(25 632)	3 153 742 684	65 959 126	6 034 315	121 307	3 225 614 819	960 040 616	(28 960)	960 011 655	60 608 966	-	1 020 620 621	2 204 994 197
Vehicle Licensing & Testing	10 222 920	-	10 222 920	790 698	-	-	11 013 618	3 216 970	-	3 216 970	676 261	-	3 893 232	7 120 386
Roads & Stormwater	3 121 186 059	(25 632)	3 121 160 427	62 641 008	6 034 315	121 307	3 189 714 444	953 459 994	(28 960)	953 431 033	59 622 449	-	1 013 053 482	2 176 660 961
Roads Other	22 359 338	-	22 359 338	2 527 420	-	-	24 886 758	3 363 652	-	3 363 652	310 255	-	3 673 907	21 212 850
WATER	1 155 955 431	15 646 582	1 171 602 013	6 975 303	552 373	3 989	1 179 125 700	498 928 206	(13 071)	498 915 134	21 731 960	3 234	520 643 860	658 481 838
Water Distribution	478 720 596	-	478 720 596	5 161 033	209 198	3 989	484 086 838	257 423 270	(13 071)	257 410 198	12 544 545	3 234	269 951 509	214 135 328
Water Storage	677 234 836	15 646 582	692 881 418	1 814 270	343 175	-	695 038 863	241 504 936	-	241 504 936	9 187 415	-	250 692 351	444 346 510
ELECTRICITY	770 681 327	-	770 681 327	28 163 342	12 023 886	3 989	810 864 566	264 466 499	14 448	264 480 947	19 899 879	3 650	284 377 175	526 487 390
Electricity Distribution	770 681 327	-	770 681 327	28 163 342	12 023 886	3 989	810 864 566	264 466 499	14 448	264 480 947	19 899 879	3 650	284 377 175	526 487 390
TOTAL	8 629 586 736	(49 402 594)	8 580 184 143	186 144 387	46 727 706	7 798 567	8 805 257 672	2 482 784 903	(24 011)	2 482 760 891	159 590 658	412 829	2 641 938 721	6 163 318 948

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011	2011	2011		2012	2012	2012	2012
Actual income R	Actual expenditure R	Actual Surplus/(Deficit) R		Actual income R	Actual expenditure R	Actual Surplus/(Deficit) R	Budgeted Surplus (Deficit) R
39 440 519	57 949 517	(18 508 999)	<u>Executive & Council</u>	38 909 280	60 376 048	-21 466 768	-19 196 826
39 324 879	36 636 307	2 688 571	Executive & Council	38 904 280	33 440 544	5 463 736	8 817 652
115 640	21 313 210	(21 197 570)	Municipal Manager	5 000	26 935 504	(26 930 504)	(28 014 478)
204 789 948	38 006 480	166 783 467	<u>Budget & Treasury</u>	229 233 879	41 994 049	187 239 830	181 839 305
204 789 948	38 006 480	166 783 467	Budget & Treasury	229 233 879	41 994 049	187 239 830	181 839 305
27 674 288	78 798 425	(51 124 137)	<u>Corporate Services</u>	75 806 677	89 703 137	-13 896 461	-34 719 428
649 149	7 205 706	(6 556 557)	Human Resources	1 377 306	8 318 822	(6 941 516)	(8 850 060)
1 491	8 749 775	(8 748 284)	Information Technology	7 956	9 762 842	(9 754 886)	(11 382 059)
19 694 147	32 347 604	(12 653 458)	Property Services	66 905 849	35 654 472	31 251 377	12 143 727
7 329 501	30 495 339	(23 165 838)	Other Admin	7 515 565	35 967 001	(28 451 436)	(26 631 036)
2 765 232	8 110 053	(5 344 822)	<u>Planning & Development</u>	2 485 316	9 237 656	(6 752 340)	(5 284 571)
5 130	1 864 099	(1 858 969)	IDP/LED	-	2 089 814	(2 089 814)	(2 579 125)
2 760 101	6 245 954	(3 485 853)	Town Planning	2 485 316	7 147 842	(4 662 526)	(2 705 446)
2 713 512	20 262 919	(17 549 407)	<u>Health</u>	2 690 879	21 118 403	(18 427 524)	(19 847 616)
2 408 753	15 825 536	(13 416 783)	Clinics	2 510 105	16 507 574	(13 997 469)	(14 983 582)
304 758	4 437 383	(4 132 624)	Health Other	180 774	4 610 829	(4 430 055)	(4 864 034)
3 716 122	18 901 659	(15 185 537)	<u>Community Services</u>	10 833 112	20 969 009	(10 135 897)	(15 464 100)
159 472	7 481 069	(7 321 597)	Libraries	470 687	8 496 291	(8 025 605)	(8 696 781)
343 018	4 169 502	(3 826 483)	Community Halls & Facilities	7 605 182	5 237 872	2 367 310	(2 005 893)
2 930 800	4 682 063	(1 751 264)	Cemeteries	2 485 739	4 426 933	(1 941 194)	(1 826 257)
277 832	885 056	(607 224)	Aged Care	271 504	922 881	(651 377)	(661 091)
5 000	1 683 969	(1 678 969)	Other Social	-	1 885 031	(1 885 031)	(2 274 078)
212 115	7 499 809	(7 287 694)	<u>Housing</u>	176 067	7 629 884	(7 453 818)	(7 552 674)
212 115	7 499 809	(7 287 694)	Housing	176 067	7 629 884	(7 453 818)	(7 552 674)
5 684 881	49 019 252	(43 334 370)	<u>Public Safety</u>	6 911 920	53 853 404	(46 941 484)	(49 523 398)
195 308	23 572 343	(23 377 035)	Fire Services	1 525 334	26 067 993	(24 542 659)	(25 957 386)
4 916 244	21 291 794	(16 375 550)	Traffic	5 367 386	22 899 084	(17 531 698)	(18 704 999)
573 329	4 155 114	(3 581 785)	Street Lighting	19 200	4 886 327	(4 867 127)	(4 861 013)
8 369 738	38 926 402	(30 556 664)	<u>Parks & Recreation</u>	8 904 179	38 755 325	(29 851 145)	(26 811 946)
8 369 738	38 926 402	(30 556 664)	Parks & Recreation	8 904 179	38 755 325	(29 851 145)	(26 811 946)

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011	2011	2011		2012	2012	2012	2012
Actual income R	Actual expenditure R	Actual Surplus/(Deficit) R		Actual income R	Actual expenditure R	Actual Surplus/(Deficit) R	Budgeted Surplus (Deficit) R
52 588 355	45 545 377	7 042 978	<u>Waste Water Management</u>	78 573 672	50 270 463	28 303 209	8 204 916
52 588 355	43 957 847	8 630 508	Sewerage	78 573 672	48 509 034	30 064 638	9 960 632
-	1 587 530	(1 587 530)	Public Toilets	-	1 761 429	(1 761 429)	(1 755 716)
47 571 913	48 431 471	(859 558)	<u>Waste Management</u>	57 714 551	54 984 218	2 730 333	3 638 192
47 571 913	48 431 471	(859 558)	Refuse Removal	57 714 551	54 984 218	2 730 333	3 638 192
34 781 592	93 131 992	(58 350 400)	<u>Road Transport</u>	45 519 810	91 467 197	(45 947 387)	(62 802 309)
20 485 846	81 144 471	(60 658 626)	Roads	26 391 521	78 496 462	(52 104 940)	(66 226 729)
13 622 948	10 363 447	3 259 501	Vehicle Licenses	16 564 262	11 212 203	5 352 059	2 319 051
672 799	1 624 074	(951 275)	Transport Other	2 564 026	1 758 532	805 494	1 105 369
49 797 987	50 076 545	(278 558)	<u>Water</u>	61 410 363	54 322 793	7 087 570	12 635 413
49 795 356	31 223 575	18 571 781	Water Distribution	61 198 449	35 834 452	25 363 998	33 645 358
2 631	18 852 970	(18 850 339)	Water Purification	211 914	18 488 341	(18 276 428)	(21 009 945)
303 466 936	276 737 127	26 729 809	<u>Electricity</u>	364 258 160	318 922 678	45 335 482	43 933 259
303 466 936	276 737 127	26 729 809	Electricity Distribution	364 258 160	318 922 678	45 335 482	43 933 259
-	-	-	Street Lighting	-	-	-	-
783 573 138	831 397 029	-47 823 891	SUB TOTAL	983 427 865	913 604 264	69 823 601	9 048 217
(112 732 721)	(112 732 721)	-	Less: Inter-Departmental Charges	(137 643 824)	(137 643 824)	-	-
670 840 417	718 664 308	-47 823 891	TOTAL	845 784 041	775 960 440	69 823 601	9 048 217

APPENDIX E
UNAUDITED ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012

	Original Budget 2012	Budget Adjustments 2012	Final Budget 2012	Actual Outcome 2012	Variance 2012	Actual Outcome as % of Original Budget 2012	Actual Outcome as % of Final Budget 2012	Explanations of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	R	R	%	%	
Property Rates	195 806 049	1 225 743	197 031 792	198 443 748	1 411 956	1.35	0.72	
Service charges: Electricity	343 704 715	(3 604 496)	340 100 219	343 865 016	3 764 797	0.05	1.11	
Refuse Removal	41 980 088	1 254 738	43 234 826	43 439 606	204 780	3.48	0.47	
Sewerage	44 887 528	69 731	44 957 259	45 155 692	198 433	0.60	0.44	
Water	49 456 202	1 977 741	51 433 943	53 317 464	1 883 521	7.81	3.66	
Rental of facilities and equipment	12 703 862	123 208	12 827 070	13 890 534	1 063 464	9.34	8.29	
Interest earned - external investments	27 740 000	(9 740 000)	18 000 000	21 606 766	3 606 766	(22.11)	20.04	Due to low capital expenditure, funding was invested which yielded a higher than expected interest
Interest earned - outstanding debtors	1 736 315	94 400	1 830 715	2 132 861	302 146	22.84	16.50	An increase in outstanding debts resulted in more interest being levied on outstanding accounts
Fines	5 140 100	500	5 140 600	5 482 572	341 972	6.66	6.65	
Licences and permits	5 246 500	540 750	5 787 250	6 554 138	766 888	24.92	13.25	More license fees was collected than anticipated
Revenue for agency services	7 704 000	996 000	8 700 000	9 972 801	1 272 801	29.45	14.63	Due to higher license fees, agency service income also increased
Government grants and subsidies - Operating	83 319 950	(109 570)	83 210 380	81 607 087	(1 603 293)	(2.06)	(1.93)	
Other revenue	31 875 333	2 737 666	34 612 999	77 820 064	43 207 065	144.14	124.83	Higher income was received for main service contributions as a result of development in town, as well as the income from sale of erven.
Gain on disposal of property, plant and equipment	480 000	-	480 000	37 556	(442 444)	(92.18)	(92.18)	The annual auction did not take place and the only income received was for vehicles written off by the insurers.
Total Revenue	851 780 642	-4 433 589	847 347 053	903 325 905	55 978 852	6.05	6.61	
EXPENDITURE								
Employee related costs	261 161 906	(4 296 085)	256 865 821	252 327 631	(4 538 190)	(3.38)	(1.77)	
Remuneration of Councillors	15 363 913	(418 670)	14 945 243	14 613 183	(332 060)	(4.89)	(2.22)	
Bad debts	4 778 240	-	4 778 240	4 797 175	18 935	0.40	0.40	
Collection costs	557 500	(260 000)	297 500	238 754	(58 746)	(57.17)	(19.75)	The project from Traffic Services to recover arrear traffic fines, did not realise as planned.
Depreciation	156 886 900	7 862 753	164 749 653	159 590 657	(5 158 996)	1.72	(3.13)	
Repairs and maintenance	47 318 409	2 778 328	50 096 737	47 191 281	(2 905 456)	(0.27)	(5.80)	
Interest on external borrowings	26 451 492	-	26 451 492	14 585 490	(11 866 002)	(44.86)	(44.86)	Less interest paid on external loans as no new facility was taken up as originally planned.
Bulk purchases: Electricity	231 578 671	188 000	231 766 671	242 534 922	10 768 251	4.73	4.65	
Water	8 992 000	(624 000)	8 368 000	8 038 883	(329 117)	(10.60)	(3.93)	
Contracted services	21 457 615	(2 551 624)	18 905 991	17 106 393	(1 799 598)	(20.28)	(9.52)	
Grants and subsidies paid	45 195 750	(1 007 500)	44 188 250	44 028 548	(159 702)	(2.58)	(0.36)	
General expenses	96 159 141	5 618 282	101 777 423	101 660 697	(116 726)	5.72	(0.11)	
Loss on disposal of property, plant and equipment	-	-	-	13 620	13 620	-	-	

APPENDIX E
UNAUDITED ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012

	Original Budget 2012	Budget Adjustments 2012	Final Budget 2012	Actual Outcome 2012	Variance 2012	Actual Outcome as % of Original Budget 2012	Actual Outcome as % of Final Budget 2012	Explanations of Significant Variances greater than 10% versus Budget
Contributions to/(transfers from) provisions	R 1 717 250	R (74 200)	R 1 643 050	R 6 877 031	R 5 233 981	% 300.47	% 318.55	As a result of low capital expenditure, the corresponding income which could be recognised due to conditions being met, was also less than planned. The completed projects from the Nkangala District Municipality capitalised were less than planned.
Total Expenditure	917 618 787	7 215 284	924 834 071	913 604 265	(11 229 806)	(0.44)	(1.21)	
SURPLUS/(DEFICIT) FOR THE YEAR	(65 838 145)	(11 648 873)	(77 487 018)	(10 278 360)	67 208 658	(84.39)	(86.74)	
Transfers Recognised - Capital	48 827 150	11 538 085	60 365 235	42 166 137	(18 199 098)	(13.64)	(30.15)	
Contributions Recognised - Capital & Contributed assets	25 375 500	794 500	26 170 000	37 935 825	11 765 825	49.50	44.96	
Surplus/(Deficit) after capital transfers & contributions	8 364 505	683 712	9 048 217	69 823 602	60 775 385	734.76	671.68	
Share of surplus/(deficit) of associate								
NET SURPLUS/(DEFICIT) FOR THE	8 364 505	683 712	9 048 217	69 823 602	60 775 385	734.76	671.68	

APPENDIX F
UNAUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012

	Original Budget 2012	Budget Adjustments 2012	Final Adjusted Budget 2012	Actual Outcome 2012	Variance 2012	Actual Outcome as % of Original Budget 2012	Actual Outcome as % of Final Budget 2012	Explanations of Significant Variances greater than 10% versus Budget
	R	R	R	R	R	%	%	
EXECUTIVE & COUNCIL	833 500	-	833 500	715 741	(117 759)	(14.13)	(14.13)	
Executive & Council	362 000	-	362 000	351 750	(10 250)	(2.83)	(2.83)	
Municipal Manager	471 500	-	471 500	363 991	(107 509)	(22.80)	(22.80)	Savings realised on furniture projects.
BUDGET & TREASURY	372 000	-	372 000	119 618	(252 382)	(67.84)	(67.84)	
Budget & Treasury	372 000	-	372 000	119 618	(252 382)	(67.84)	(67.84)	The upgrading of the Hendrina rates hall has been delayed by the renovations that is taking place at Licensing department. The project to be roll-over.
CORPORATE SERVICES	20 780 140	4 890 515	25 670 655	11 922 044	(13 748 611)	(42.63)	(53.56)	
Human Resources	61 000	-	61 000	53 125	(7 875)	(12.91)	(12.91)	the remaining amount was realised as savings.
Information Technology	8 165 000	730 000	8 895 000	6 634 538	(2 260 462)	(18.74)	(25.41)	The Upgrading network backbone infrastructure project is 90% complete, waiting for final report and configurations.
Property Services	10 441 140	2 579 815	13 020 955	3 480 085	(9 540 870)	(66.67)	(73.27)	Consultants on the Node C project were appointed late which delayed the approval of the plans, and the contractor has been appointed. The project will be roll-over.
Other & Admin	2 113 000	1 580 700	3 693 700	1 754 296	(1 939 404)	(16.98)	(52.51)	Project on the Self service terminal did not materialised as planned.
PLANNING & DEVELOPMENT	4 849 550	3 213 525	8 063 075	2 403 677	(5 659 398)	(50.44)	(70.19)	
IDP & LED	20 000	-	20 000	19 035	(965)	-	-	
Town Planning	4 829 550	3 213 525	8 043 075	2 384 642	(5 658 433)	(50.62)	(70.35)	There was a slow progress on the Township development project because of the negative comments by SANRAL. The identification of the servitude and position of the existing infrastructure has put a delay of the progress of the Node D light industrial project. Project will be roll-over
HEALTH	896 000	746 900	1 642 900	1 335 247	(307 653)	49.02	(18.73)	
Clinics	896 000	746 900	1 642 900	1 335 247	(307 653)	49.02	(18.73)	Expenditure on projects did not realised as planned, savings was realised on projects. The project will be roll-over
Health Other	-	-	-	-	-	-	-	
COMMUNITY & SOCIAL SERVICES	7 240 000	51 747 848	58 987 848	27 848 178	(31 139 670)	284.64	(52.79)	
Libraries & Archives	820 000	-	820 000	761 914	(58 086)	(7.08)	(7.08)	
Events & Facilities	3 520 000	50 990 000	54 510 000	24 050 484	(30 459 516)	583.25	(55.88)	The final finishing must still be done on the Banquet hall. Funds will be rolled over.
Cemeteries & Crematoriums	2 900 000	757 848	3 657 848	3 035 780	(622 068)	4.68	(17.01)	Final payment on the development of Pullenhope project to be done.
Aged Care	-	-	-	-	-	-	-	
Other Social	-	-	-	-	-	-	-	

APPENDIX F
UNAUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012

	Original Budget 2012	Budget Adjustments 2012	Final Adjusted Budget 2012	Actual Outcome 2012	Variance 2012	Actual Outcome as % of Original Budget 2012	Actual Outcome as % of Final Budget 2012	Explanations of Significant Variances greater than 10% versus Budget
	R	R	R	R	R	%	%	
HUMAN SETTLEMENT	425 000	-	425 000	107 432	(317 568)	(74.72)	(74.72)	
Human Settlement	425 000	-	425 000	107 432	(317 568)	(74.72)	(74.72)	Purchasing of a new equipment was delayed due to grant funding which was only available later in March 2012. The project will be roll-over.
PUBLIC SAFETY	6 541 000	29 900	6 570 900	4 592 212	(1 978 688)	(29.79)	(30.11)	
Traffic	1 980 000	900 000	2 880 000	2 442 895	(437 105)	23.38	(15.18)	An invoice amounting to R407 000 for the purchase of a new vehicle has been submitted. Final processing of outstanding payments to be done in July. And the invoice on the project Upgrading traffic signals has also been submitted for payment which will also be paid in July.
Fire	581 000	450 000	1 031 000	486 935	(544 065)	(16.19)	(52.77)	Four companies submitted tenders on the provision of veld fire vehicle project, one company did not comply with the specifications and the remaining three are not accredited motor dealers. It was therefore decided that the tender be re-advertised. The project will be roll-over.
Street Lighting	3 980 000	(1 320 100)	2 659 900	1 662 382	(997 518)	(58.23)	(37.50)	Projects on provision of streetlight on various area did not materialised as planned. The projects will be roll-over.
SPORT & RECREATION	17 814 480	1 171 546	18 986 026	12 587 173	(6 398 853)	(29.34)	(33.70)	
Sport & Recreation	17 814 480	1 171 546	18 986 026	12 587 173	(6 398 853)	(29.34)	(33.70)	Delays were experienced on Thusong centre (node c) project during the construction of the ablution block. The tender process on the upgrading of Kees Taljaard stadium took longer than anticipated, and the has been completed but due to high amount of savings on the project, additional work is to be executed. Project will be roll-over
WASTE MANAGEMENT	3 324 000	1 373 450	4 697 450	2 303 604	(2 393 846)	(30.70)	(50.96)	
Solid Waste	3 324 000	1 373 450	4 697 450	2 303 604	(2 393 846)	(30.70)	(50.96)	The tender on the compactor truck project was referred back to the adjudication committee because the validity period had expired and will request for the roll-over. The tender on front end loader has been awarded and it will be requested for the roll-over.
WASTE WATER MANAGEMENT	42 579 000	39 914 685	82 493 685	17 689 652	(64 804 033)	(58.45)	(78.56)	
Sanitation	42 229 000	39 914 685	82 143 685	17 422 180	(64 721 505)	(58.74)	(78.79)	Beneficiaries on the Sanitation Mafube Village have not yet been identified. The survey and design on the Outfall Sewer lines was not completed on time. And the civil contractors experience some financial constraints at the Upgrading Boskrans Sewer plant project
Public Toilets	350 000	-	350 000	267 472	(82 528)	-	-	

APPENDIX F
UNAUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012

	Original Budget 2012	Budget Adjustments 2012	Final Adjusted Budget 2012	Actual Outcome 2012	Variance 2012	Actual Outcome as % of Original Budget 2012	Actual Outcome as % of Final Budget 2012	Explanations of Significant Variances greater than 10% versus Budget
ROAD TRANSPORT	R 64 644 980	R 12 807 976	R 77 452 956	R 65 768 245	R (11 684 711)	% 1.74	% (15.09)	
Vehicle Licensing & Testing	50 000	879 000	929 000	788 165	(140 835)	1 476.33	(15.16)	Project on the CCTV cameras at workstation did not materialised as planned.
Roads & Stormwater	64 594 980	9 036 086	73 631 066	62 452 660	(11 178 406)	(3.32)	(15.18)	Some existing services that had to be relocated has delayed the O.R Tambo street project. There has been some delays on the projects for stormwater on Presidentrus, villages and a rail line due to Eskom and Telkom services on the proposed route.
Roads Other	-	2 892 890	2 892 890	2 527 420	(365 470)	-	-	
WATER	6 500 000	10 826 000	17 326 000	7 272 556	(10 053 444)	11.89	(58.03)	
Water Distribution	5 370 000	1 482 000	6 852 000	5 102 584	(1 749 416)	(4.98)	(25.53)	There was underperformance on the replacement of on old water pipes in Middelburg/Mhluzi project due to late appointment of temporary workers. Lack of personnel capacity at the water rockdale project. The projects will be requested for roll-over.
Water Storage	1 130 000	9 344 000	10 474 000	2 169 972	(8 304 028)	92.03	(79.28)	No tenderers qualified for the Vaalbank Water Treatment plant project so the tender must be re-advertised and roll-over. Tender on Generator Set Hendrina WTP was advertised and the validity date expired, it must be re-advertised and roll-over. Project on the construction of a sludge Dams was delayed due to the fact that preliminary designs were needed to appoint a Environmentalist to
ELECTRICITY	31 680 000	28 864 885	60 544 885	40 185 785	(20 359 100)	26.85	(33.63)	
Electricity Distribution	31 680 000	28 864 885	60 544 885	40 185 785	(20 359 100)	26.85	(33.63)	The project on the provision of electricity on 500 stands was delayed due to grant funding which is only available in july 2012. The project on Lang Supply area could not materialised because a new scope of work must be compiled and new tenders must be called. The request for projects to be roll-over will be made.
TOTAL	208 479 650	155 587 230	364 066 880	194 851 164	(169 215 716)	(6.54)	(46.48)	
CAPITAL EXPENDITURE & FUNDS SOURCES								
Capital Expenditure								
Transfers Recognised - Capital	48 827 150	11 538 085	60 365 235	42 166 137	(18 199 098)	(13.64)	(30.15)	
Public Contributions & Donations	-	-	-	-	-	-	-	
Borrowing	91 800 000	77 251 700	169 051 700	72 544 530	(96 507 170)	(20.98)	(57.09)	
Internally Generated Funds	67 852 500	66 797 445	134 649 945	80 140 497	(54 509 448)	18.11	(40.48)	
Total Sources of Capital funds	208 479 650	155 587 230	364 066 880	194 851 164	(169 215 716.00)	(6.54)	(46.48)	

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
July 2011			
Fire & Rescue Services	Enviro Mobile Workshop	13 863,99	Sec 42(1)(a)(i) - Emergency Case
Fire & Rescue Services	Van Wettens	7 221,90	Sec 42(1)(a)(i) - Emergency Case
Town Electrical Engineer	CBI Electrical	10 000,00	Sec 42(1)(a)(i) - Emergency Case
Fire & Rescue Services	Enviro Mobile Workshop	12 103,08	Sec 42(1)(a)(i) - Emergency Case
Fire & Rescue Services	Bohlabela Wheels	10 322,68	Sec 42(1)(a)(i) - Emergency Case
Civil Engineering Services	Kwena Water Management	17 970,11	Sec 42(1)(a)(i) - Emergency Case
Traffic & Security Services	Automotor Traffic	26 129,94	Sec 42(1)(a)(i) - Emergency Case
Communications	Brabys	9 114,30	Sec 42(1)(a) (ii) - Single Supplier
Legal & Administration	Barloworld Toyota	1 027,55	Sec 42(1)(a) (ii) - Single Supplier
Health Services	Hermocure	9 072,65	Sec 42(1)(a) (ii) - Single Supplier
Health Services	Hermocure	9 072,65	Sec 42(1)(a) (ii) - Single Supplier
Finance	Mid-Alarms	1 355,00	Sec 42(1)(a) (ii) - Single Supplier
Human Resource Management	PR Communication	30 205,44	Sec 42 (1)(a)(v) - Exceptional Case
Legal & Administration	Barloworld Toyota	1 434,80	Sec 42 (1)(a)(v) - Exceptional Case
Fire & Rescue Services	Middelburg Truck Centre	500,00	Sec 42 (1)(a)(v) - Exceptional Case
Human Settlement	Central Bikes	350,00	Sec 42 (1)(a)(v) - Exceptional Case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
July 2011			
Human Settlement	Mechanibike	14 780,38	Sec 42 (1)(a)(v) - Exceptional Case
Traffic & Security Services	Traffic Signal	3 271,80	Sec 42 (1)(a)(v) - Exceptional Case
Fire & Rescue Services	Fire Raiders	65 597,00	Sec 42 (1)(a)(v) - Exceptional Case
Traffic & Security Services	Sollys Middelburg	1 555,19	Sec 42 (1)(a)(v) - Exceptional Case
Human Settlement	Mechanibike	908,55	Sec 42 (1)(a)(v) - Exceptional Case
August 2011			
Civil Engineering Services	Mpumalanga Dumo	51 302,69	Sec 42(1)(a)(i) - Emergency Case
Fire & Rescue Services	Van Wettens	5 471,43	Sec 42(1)(a)(i) - Emergency Case
Traffic & Security Services	Vizi Light	519,84	Sec 42(1)(a)(i) - Emergency Case
Fire & Rescue Services	Fire Raiders	17 157,86	Sec 42(1)(a) (ii) - Single Supplier
Legal & Administration	Waltons	149 488,20	Sec 42(1)(a) (ii) - Single Supplier
Traffic & Security Services	Sollys Middelburg	2 238,96	Sec 42(1)(a) (ii) - Single Supplier
Library Services	World Books	31 155,98	Sec 42 (1)(a)(v) - Exceptional Case
Library Services	Best Books	18 793,31	Sec 42 (1)(a)(v) - Exceptional Case
Library Services	Aluta Books	530,01	Sec 42 (1)(a)(v) - Exceptional Case
Library Services	Diskonto Books	45 104,08	Sec 42 (1)(a)(v) - Exceptional Case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
August 2011			
Library Services	Aluta Books	33 778,52	Sec 42 (1)(a)(v) - Exceptional Case
Library Services	Best Books	74 749,42	Sec 42 (1)(a)(v) - Exceptional Case
Library Services	Academic Marketing	8 445,45	Sec 42 (1)(a)(v) - Exceptional Case
Library Services	Everybody Books	38 346,80	Sec 42 (1)(a)(v) - Exceptional Case
Library Services	Hadedda Books	35 720,35	Sec 42 (1)(a)(v) - Exceptional Case
Traffic & Security Services	Sollys Middelburg	11 384,06	Sec 42 (1)(a)(v) - Exceptional Case
Traffic & Security Services	Rex Motors	2 707,50	Sec 42 (1)(a)(v) - Exceptional Case
September 2011			
Traffic	Automotor Traffic Sign	21,634.92	Sec 42(1)(a)(i) - emergency
Legal & admin	Sotholemshengu Trading	6,840.00	Sec 42(1)(a)(i) - emergency
Electrical	Actom	43,894.56	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	26,904.00	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	25,627.20	Sec 42(1)(a)(i) - emergency
Fire	Auto & Diesel	13,446.90	Sec 42(1)(a)(i) - emergency
Civil	Sterling Plastic	1,735.08	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
Fire	Van Wettens	5,035.80	Sec 42(1)(a)(i) - emergency
Fire	Middelburg Truck Centre	1,284.91	Sec 42(1)(a)(i) - emergency
Fire	Enviro Mobile	2,230.65	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	19,619.40	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	13,873.80	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	11,354.40	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	20,679.60	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	13,936.50	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	10,225.80	Sec 42(1)(a)(i) - emergency
Communications	Weargasm Production	6,000.00	Sec 42(1)(a)(i) - emergency
Traffic	Auto Motor	10,574.64	Sec 42(1)(a)(i) - emergency
Electrical	Ukwazi Engineering	3,296.54	Sec 42(1)(a)(i) - emergency
Electrical	Vero Test	13,336.86	Sec 42(1)(a)(i) - emergency
Fire	Enviro Mobile	1,057.50	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
Civil	Manair	2,508.00	Sec 42(1)(a)(i) - emergency
Communications	Cassablanca Balloon	24,300.00	Sec 42(1)(a)(ii)- single provider
Communications	Beltco Printing	4,560.00	Sec 42(1)(a)(ii)- single provider
Communications	Chamber Of Commerce	28,500.00	Sec 42(1)(a)(ii)- single provider
Electrical	Sectional Poles	218,686.20	Sec 42(1)(a)(ii)- single provider
Health	Hemocue	9,072.65	Sec 42(1)(a)(ii)- single provider
Health	Hemocue	9,072.65	Sec 42(1)(a)(ii)- single provider
Traffic	Mburg Nissan	5,081.89	Sec 42(1)(a)(ii)- single provider
Fire	DIGI Core	1,250.00	Sec 42(1)(a)(ii)- single provider
Civil	GKD Buismet	7,489.80	Sec 42(1)(a)(ii)- single provider
Civil	Rugben Engineering	893.58	Sec 42(1)(a)(ii)- single provider
Traffic	Middelburg Compressor	2,736.00	Sec 42(1)(a)(v)- exceptional case
Legal & admin	Riverside	112,800.00	Sec 42(1)(a)(v)- exceptional case
Traffic	Traffic Signal	5,893.80	Sec 42(1)(a)(v)- exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
Housing	Mechanibike	5,751.00	Sec 42(1)(a)(v)- exceptional case
Town planning	Johan Meiring	1,021.44	Sec 42(1)(a)(v)- exceptional case
Legal & admin	Pricewater Coopers	72,932.00	Sec 42(1)(a)(v)- exceptional case
Traffic	De Graaf	3,388.88	Sec 42(1)(a)(v)- exceptional case
Fire	Van Wettens	500.00	Sec 42(1)(a)(v)- exceptional case
October 2011			
Civil Engineering	Mpumalanga Dumo	24,801.84	Sec 42(1)(a)(i) - emergency
Electrical	Vero Test	8,749.50	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	40,365.80	Sec 42(1)(a)(i) - emergency
Electrical	Dial a Quote	4,800.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Sterling Plastic	10,876.66	Sec 42(1)(a)(i) - emergency
Civil Engineering	Sterling Plastic	20,117.58	Sec 42(1)(a)(i) - emergency
Electrical	Johan Meiring	15,680.70	Sec 42(1)(a)(i) - emergency
Electrical	Eleksave	1,140.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Sud-chemie	138,510.00	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
October 2011			
Civil Engineering	ITT water	4,468.80	Sec 42(1)(a)(i) - emergency
Fire	Enviro Mobile	7,150.26	Sec 42(1)(a)(i) - emergency
Fire	Auto & Diesel	1,660.54	Sec 42(1)(a)(i) - emergency
Fire	JW Bande	1,315.00	Sec 42(1)(a)(i) - emergency
Fire	Van Wettens	3,977.18	Sec 42(1)(a)(i) - emergency
Civil Engineering	VIVA Engineering	8,979.16	Sec 42(1)(a)(i) - emergency
Civil Engineering	VIVA Engineering	10,351.10	Sec 42(1)(a)(i) - emergency
IT	GP Van Niekerk	6,925.50	Sec 42(1)(a)(ii)- single provider
HR	Emalahleni doc. Facility	1,460.00	Sec 42(1)(a)(ii)- single provider
Parks	Enviritek	10,678.38	Sec 42(1)(a)(ii)- single provider
MBS	MP steam	28,557.00	Sec 42(1)(a)(ii)- single provider
Electrical	CAT	21,888.00	Sec 42(1)(a)(ii)- single provider
IT	F & W Telecomms	550.00	Sec 42(1)(a)(ii)- single provider
IT	F & W Telecomms	450.00	Sec 42(1)(a)(ii)- single provider
Legal & Admin	Government Printing	11,928.17	Sec 42(1)(a)(ii)- single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
October 2011			
Communications	P & Z Construction	3,500.00	Sec 42(1)(a)(iii)- special works
Legal & Admin	MC Carthy Kunene	6,425.90	Sec 42(1)(a)(v)- exceptional case
HR	PR Communication	9,414.57	Sec 42(1)(a)(v)- exceptional case
MBS	NKP Consultants	26,448.00	Sec 42(1)(a)(v)- exceptional case
Youth development	Izinceku	12,000.00	Sec 42(1)(a)(v)- exceptional case
Civil Engineering	Central Gas	943.01	Sec 42(1)(a)(v)- exceptional case
Traffic DPT	Automotor Traffic Signal	15,855.12	Sec 42(1)(a)(v)- exceptional case
Traffic DPT	Automotor Traffic Signal	20,494.92	Sec 42(1)(a)(v)- exceptional case
Youth Development	Izinceku	3,000.00	Sec 42(1)(a)(v)- exceptional case
November 2011			
Civil Engineering	Electro Field	10,236.00	Sec 42(1)(a)(i) - emergency
Youth Development	AM Trophies	160,150.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Fakkel Armature	18,493.19	Sec 42(1)(a)(i) -emergency
IT	F and W Telecomms	1,200.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Bayela Workforce	8,202.00	Sec 42(1)(a)(i)- emergency
Civil Engineering	CMG	1,718.55	Sec 42(1)(a)(i) -emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
Electrical	Eleksave	3,995.70	Sec 42(1)(a)(i) -emergency
Fire	Enviro Mobile	1,145.70	Sec 42(1)(a)(i) - emergency
November 2011			
Fire	De Wit Motors	4,546.20	Sec 42(1)(a)(i) - emergency
Fire	Enviro Mobile	3,248.77	Sec 42(1)(A)(I) - Emergency
Civil Engineering	Afrilab	1,550.40	Sec 42(1)(a)(ii)- single provider
Civil Engineering	Afrilab	7,945.00	Sec 42(1)(a)(ii)- single provider
Traffic	Vizi Light	2,223.00	Sec 42(1)(a)(ii)- single provider
IT	Africa SD	7,592.40	Sec 42(1)(a)(ii)- single provider
Traffic	Spray Air & Power	3,622.92	Sec 42(1)(a)(ii)- single provider
Traffic	Traffic Signal	4,468.80	Sec 42(1)(a)(v)- exceptional case
Traffic	Sollys Middelburg	5,864.70	Sec 42(1)(a)(v)- exceptional case
Civil Engineering	BO-Mach	23,430.00	Sec 42(1)(a)(v)- exceptional case
Traffic	Automotor	16,687.00	Sec 42(1)(a)(v)- exceptional case
Traffic	Automotor	6,246.00	Sec 42(1)(a)(v)- exceptional case
Traffic	Automotor	13,908.00	Sec 42(1)(a)(v)- exceptional case
Traffic	Automotor	17,978.00	Sec 42(1)(a)(v)- exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
November 2011			
Civil Engineering	CSV Water	61,277.28	Sec 42 (1)(a)(v) - exceptional case
Civil Engineering	BO-Mach	29,779.27	Sec 42(1)(a)(v)- exceptional case
IT	Price Water Coopers	27,360.00	Sec 42(1)(a)(v)- exceptional case
December 2011			
Civil Engineering	BMG	7,747.99	Sec 42(1)(a)(i) - emergency
Fire	Middelburg Nissan	10,729.67	Sec 42(1)(a)(i) - emergency
Civil Engineering	Tecrovoer	1,633,392.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	6,926.71	Sec 42(1)(a)(i) - emergency
Civil Engineering	ITT Water	5,745.60	Sec 42(1)(a)(i) - emergency
Fire	Fire Raiders	77,869.58	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	16,263.76	Sec 42(1)(a)(i) - emergency
Civil Engineering	Procol	588.24	Sec 42(1)(a)(i) - emergency
Civil Engineering	Tee Vee	11,750.78	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	81,171.51	Sec 42(1)(a)(i) - emergency
Civil Engineering	BMG	4,890.94	Sec 42(1)(a)(i) - emergency
Civil Engineering	BMG	3,439.67	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	17,245.99	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	28,705.15	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
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December 2011			
Civil Engineering	Procol	4,300.08	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva engineering	52,059.06	Sec 42(1)(a)(i) - emergency
Civil Engineering	Matlapeng Mahuma	75,240.00	Sec 42(1)(a)(i) - emergency
Finance	Middelburg Sleutels	1,540.87	Sec 42(1)(a)(i) - emergency
Civil Engineering	Striving Mind	2,437.32	Sec 42(1)(a)(i) - emergency
Fire	TNT Exhaust	500.00	Sec 42(1)(a)(i) - emergency
Fire	Middelburg Nissan	8,211.28	Sec 42(1)(a)(i) - emergency
Fire	Middelburg Nissan	3,658.91	Sec 42(1)(a)(i) - emergency
Library	Coverseal	17,780.16	Sec 42(1)(a)(ii)- Single provider
Town Electrical	Verotest	6,604.02	Sec 42(1)(a)(ii)- Single provider
It	Numara	23,826.00	Sec 42(1)(a)(ii)- Single provider
Civil Engineering	BMG	12,073.16	Sec 42(1)(a)(ii)- Single provider
Finance	Advanced Fire Suppression	1,710.00	Sec 42(1)(a)(ii)- Single provider
Communications	PR Communications	2,010.96	Sec 42(1)(a)(ii)- Single provider
HR	PR Communications	39,860.71	Sec 42(1)(a)(ii)- Single provider
Communications	Ikwekwezi FM	1,539.00	Sec 42(1)(a)(ii)- Single provider
Communications	Tuffari Trading CC	4,500.00	Sec 42(1)(a)(iii)- Special works
Library	Thabo Raymond	1,012.61	Sec 42(1)(a)(ii)- Special works
Legal & Admin	AM Trophies	1,723.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
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December 2011			
Communications	PR Communications	33,812.40	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	Ukhamba Lobuntu Chem	12,000.00	Sec 42(1)(a)(v)- Exceptional case
Legal & Admin	Ngwenyankomo	2,250.00	Sec 42(1)(a)(v)- Exceptional case
Housing	Mechanibike	4,626.00	Sec 42(1)(a)(v)- Exceptional case
Housing	Mechanibike	10,137.00	Sec 42(1)(a)(v)- Exceptional case
Communications	PR Communications	1,023.72	Sec 42(1)(a)(v)- Exceptional case
Civil Engineering	Viva Engineering	199,500.00	Sec 42(1)(a)(v)- Exceptional case
January 2012			
Civil Engineering	BMG Middelburg	20,581.18	Sec 42(1)(a)(i) - emergency
Civil Engineering	Fakkel Amarture	13,715.23	Sec 42(1)(a)(i) - emergency
Civil Engineering	Matlapeng mahuma	150,480.00	Sec 42(1)(a)(i) - emergency
Data	Advanced Fire Suppression Tech.	472.28	Sec 42(1)(a)(i) - emergency
Events	Mbungiswa Transport	6,980.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	7,315.84	Sec 42(1)(a)(i) - emergency
Civil Engineering	Tee Vee Electric	2,194.17	Sec 42(1)(a)(i) - emergency
Civil engineering	Viva Engineering	18,696.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	4,167.96	Sec 42(1)(a)(i) - emergency
Civil Engineering	Tee Vee Electric	1,921.35	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
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January 2012			
Civil Engineering	Mpumalanga Pumps	12,768.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Rescue Rod	27,132.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	5,536.46	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva engineering	7,196.31	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	3,173.76	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	3,658.94	Sec 42(1)(a)(i) - emergency
Civil Engineering	Rescue Rod	35,197.50	Sec 42(1)(a)(i) - emergency
Civil Engineering	Fakkel Amarture	9,716.69	Sec 42(1)(a)(i) - emergency
Civil Engineering	Fakkel Amarture	4,127.43	Sec 42(1)(a)(i) - emergency
Communications	Grager	16,000.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Power Pump Engineering	19,220.40	Sec 42(1)(a)(i) - emergency
Civil Engineering	Bearing Man Middelburg	1,979.13	Sec 42(1)(a)(i) - emergency
Civil Engineering	Bearing Man Middelburg	80,900.17	Sec 42(1)(a)(i) - emergency
Civil Engineering	Viva Engineering	98,733.96	Sec 42(1)(a)(i) - emergency
MBS	Mpumalanga Steam And Boiler Works	62,705.00	Sec 42(1)(a)(i) - emergency
Civil Engineering	Power Pump Engineering	22,152.48	Sec 42(1)(a)(i) - emergency
Civil Engineering	CMG	19,266.91	Sec 42(1)(a)(i) - emergency
Civil Engineering	Power pump engineering	43,048.68	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
January 2012			
Civil Engineering	Fakkel Amarture	8,538.02	Sec 42(1)(a)(i) - emergency
Communications	GMFM	19,200.00	Sec 42(1)(a)(ii)- Single provider
IT	Africa Sd	12,597.00	Sec 42(1)(a)(ii)- Single provider
HR	Wonder Stationers	353.84	Sec 42(1)(a)(ii)- Single provider
HR	Emalahleni Doc .Facility	2,216.54	Sec 42(1)(a)(ii)- Single provider
IT	Munsys Technology	38,960.00	Sec 42(1)(a)(ii)- Single provider
IT	Training To Be Done One On One User	51,567.90	Sec 42(1)(a)(ii)- Single provider
Youth Development	AM Trophies	7,600.00	Sec 42(1)(a)(ii)- Single provider
Income	G4 Security Services	3,472.44	Sec 42(1)(a)(ii)- Single provider
Library	Aluta Books	22,120.93	Sec 42(1)(a)(ii)- Single provider
Traffic	DE Graaf	1,504.80	Sec 42(1)(a)(iii)- Special works
Health	SI Analytics	1,755.00	Sec 42(1)(a)(v)- Exceptional case
IT	Meissner	5,212.31	Sec 42(1)(a)(v)- Exceptional case
Events	MP Dream Worx	2,230.00	Sec 42(1)(a)(v)- Exceptional case
Traffic	Automotor Traffic Signal	18,477.00	Sec 42(1)(a)(v)- Exceptional case
IDP	Yiminathi Construction	1,972.20	Sec 42(1)(a)(v)- Exceptional case
Solid Waste	Miketon Engineering	92,756.10	Sec 42(1)(a)(v)- Exceptional case
Electrical	Zanezi Electronics	69,639.00	Sec 42(1)(a)(v)- Exceptional case
IT	De Leeuw Group	349,284.14	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
February 2012			
Technical	Bateman Africa	1,684,323.78	Sec 42(1)(a)(i) - emergency
Technical	Mpumalanga Pumps	51,208.12	Sec 42(1)(a)(i) - emergency
Technical	Fakkel Armature	4,003.03	Sec 42(1)(a)(i) - emergency
Technical	Viva Engineering	109,426.81	Sec 42(1)(a)(i) - emergency
Technical	BMG	2,207.51	Sec 42(1)(a)(i) - emergency
Technical	Hi - Tech	1,767.00	Sec 42(1)(a)(i) - emergency
Technical	Rescue Rod	15,076.50	Sec 42(1)(a)(i) - emergency
Municipal Manager	O H Frewin	2,599.00	Sec 42(1)(a)(i) - emergency
Technical	ITT Water	46,512.00	Sec 42(1)(a)(i) - emergency
Technical	Musketeer	31,053.60	Sec 42(1)(a)(i) - emergency
Technical	Tee Vee Electric	6,008.25	Sec 42(1)(a)(i) - emergency
Technical	YMR Engineering	29,813.28	Sec 42(1)(a)(i) - emergency
Technical	Xtreme Profiling	912.00	Sec 42(1)(a)(i) - emergency
Technical	Verotest	4,938.48	Sec 42(1)(a)(i) - emergency
Technical	Actom MV	5,726.22	Sec 42(1)(a)(i) - emergency
Technical	Viva Engineering	175,000.00	Sec 42(1)(a)(i) - emergency
Public	Sollys Middelburg	3,697.03	Sec 42(1)(a)(ii) - Single provider
Corporate	Meissner	4,520.00	Sec 42(1)(a)(ii) - Single provider
Corporate	F & W Telecoms	1,660.00	Sec 42(1)(a)(ii) - Single provider
Public	Vaccine Bureau	4,374.86	Sec 42(1)(a)(ii) - Single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
February 2012			
Public	Vaccine Bureau	9,296.59	Sec 42(1)(a)(ii) - Single provider
Public	GPW	16,829.76	Sec 42(1)(a)(ii) - Single provider
Public	Zippel Filing	8,681.10	Sec 42(1)(a)(ii) - Single provider
Technical	Huber Technology	48,222.00	Sec 42(1)(a)(ii) - Single provider
Public	Veville Clarence	4,175.00	Sec 42(1)(a)(ii) - Single provider
Corporate	Barloworld Toyota	7,837.54	Sec 42(1)(a)(ii)- Single provider
Technical	Eastvaal Motors	17,704.20	Sec 42(1)(a)(ii) - Single provider
Technical	Verotest	19,246.62	Sec 42(1)(a)(ii) - Single provider
Public	MC Carthy VW	2,116.50	Sec 42(1)(a)(ii) - Single provider
Technical	Sollys Middelburg	6,496.88	Sec 42(1)(a)(ii)- Single provider
Technical	Cat	32,832.00	Sec 42(1)(a)(ii)- Single provider
Public	Truvelo Manufacturer	22,912.23	Sec 42(1)(a)(ii)- Single provider
Corporate	Barloworld Toyota	2,680.11	Sec 42(1)(a)(ii)- Single provider
Public	Akacia Medical	13,502.16	Sec 42(1)(a)(ii)- Single provider
Public	Micromation Communication	24,675.03	Sec 42(1)(a)(ii)- Single provider
Municipal Manager	Cauzan Woodwork	4,500.00	Sec 42(1)(a)(iii)- Special works
March 2012			
Corporate	Raslo Music	12,000.00	Sec 42(1)(a)(iii)- Special works
Municipal Manager	Mbungiswa Transport	239,705.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
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March 2012			
Public	Fire Raiders	8,676.65	Sec 42(1)(a)(v)- Exceptional case
Corporate	Marce Markwting	60,229.39	Sec 42(1)(a)(v)- Exceptional case
Public	Mechanibike	24,624.10	Sec 42(1)(a)(v)- Exceptional case
Technical	Eleksave	37,335.00	Sec 42(1)(a)(v)- Exceptional case
Technical	Electrical Help	199,999.00	Sec 42(1)(a)(v)- Exceptional case
Technical	Kimsela	180,000.00	Sec 42(1)(a)(v)- Exceptional case
Public	Automotor Traffic Signal	17,068.08	Sec 42(1)(a)(v)- Exceptional case
Public	Sollys Middelburg	2,740.78	Sec 42(1)(a)(v)- Exceptional case
Public	Sollys Middelburg	1,778.40	Sec 42(1)(a)(v)- Exceptional case
Public	A J Broom Road Products	21,756.90	Sec 42(1)(a)(v)- Exceptional case
Corporate	Whirlaway Trading	3,600.00	Sec 42(1)(a)(v)- Exceptional case
Public	De Wit Motors	30,921.93	Sec 42(1)(a)(v)- Exceptional case
Public	Mechanibike	1,072.00	Sec 42(1)(a)(v)- Exceptional case
Public	Sollys Middelburg	1,285.98	Sec 42(1)(a)(v)- Exceptional case
Public	Automotor Traffic Signal	19,101.84	Sec 42(1)(a)(v)- Exceptional case
Public	Interwaste	208,830.00	Sec 42(1)(a)(v)- Exceptional case
Corporate	Sea-Bona	2,365.00	Sec 42(1)(a)(v)- Exceptional case
Events	Raslo Music	22,000.00	Sec 42(1)(a)(i) - emergency
Events	Sea-Bona	9,700.00	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
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March 2012			
Civil	Meridian Surveys	46,740.00	Sec 42(1)(a)(i) - emergency
Electrical	Actom	348,140.00	Sec 42(1)(a)(i) - emergency
Civil	Rescue Rod	34,375.00	Sec 42(1)(a)(i) - emergency
Civil	Rescue Rod	34,770.00	Sec 42(1)(a)(i) - emergency
Supply Chain	Zero Q Solutions	196,331.59	Sec 42(1)(a)(i) - emergency
Civil	BMG	22,670.88	Sec 42(1)(a)(i) - emergency
Civil	Fakkel Armature	2,406.45	Sec 42(1)(a)(i) - emergency
Civil	Fakkel Armature	1,079.12	Sec 42(1)(a)(i) - emergency
Town Planning	Johan Meiring	16,153.80	Sec 42(1)(a)(i) - emergency
Fire	Mc Carthy Kunene	3,577.30	Sec 42(1)(a)(i) - emergency
Civil	Power Pump	75,985.56	Sec 42(1)(a)(i) - emergency
Fire	Vizi Light	2,730.25	Sec 42(1)(a)(i) - emergency
Licence	GPW	57,862.46	Sec 42(1)(a)(ii) - Single provider
Electrical	Strike Technology	13,680.00	Sec 42(1)(a)(ii) - Single provider
Civil	Temrou System	26,139.00	Sec 42(1)(a)(ii) - Single provider
Squatter	Sollys Nburg	7,410.00	Sec 42(1)(a)(ii) - Single provider
Traffic	Micromation	5,694.30	Sec 42(1)(a)(ii) - Single provider
Communication	Radio Kragbron	25,000.00	Sec 42(1)(a)(ii) - Single provider
Traffic	ALCO-Safe	37,819.50	Sec 42(1)(a)(ii) - Single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
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March 2012			
Legal & Admin	Ricoh Mpumalanga	4,184.00	Sec 42(1)(a)(ii) - Single provider
Traffic	Truvelo Manufacturers	1,335.28	Sec 42(1)(a)(ii) - Single provider
Health	Hemocue SA	9,072.65	Sec 42(1)(a)(ii)- Single provider
Health	Hemocue SA	9,072.65	Sec 42(1)(a)(ii) - Single provider
Communication	Kosmos Radio	25,000.00	Sec 42(1)(a)(ii) - Single provider
Fire	Marce	8,852.10	Sec 42(1)(a)(ii) - Single provider
HR	SHL	4,065.24	Sec 42(1)(a)(ii)- Single provider
HR	SHL	2,781.60	Sec 42(1)(a)(ii)- Single provider
HR	SHL	4,065.24	Sec 42(1)(a)(ii)- Single provider
Fire	Voice Logger SA	19,463.22	Sec 42(1)(a)(ii)- Single provider
electrical	Vero Test	63,412.67	Sec 42(1)(a)(v)- Exceptional case
Civil	Galago Environmental	24,396.00	Sec 42(1)(a)(v)- Exceptional case
Civil	Wandima	13,611.60	Sec 42(1)(a)(v)- Exceptional case
Traffic	Magna Business	6,317.02	Sec 42(1)(a)(v)- Exceptional case
Fire	Fire Raiders	7,272.63	Sec 42(1)(a)(v)- Exceptional case
Traffic	Automotor Traffic	18,991.00	Sec 42(1)(a)(v)- Exceptional case
Electrical	Letcha Engineering	63,003.92	Sec 42(1)(a)(v)- Exceptional case
Parks	Tswellapele Plants	500,000.00	Sec 42(1)(a)(v)- Exceptional case
MBS	Magiya Womens	20,244.21	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
March 2012			
Traffic	Sollys Nburg	26,475.88	Sec 42(1)(a)(v)- Exceptional case
Traffic	Sollys Nburg	8,104.11	Sec 42(1)(a)(v)- Exceptional case
Squatter	Mechanibike	3,441.56	Sec 42(1)(a)(v)- Exceptional case
Squatter	Mechanibike	315.00	Sec 42(1)(a)(v)- Exceptional case
SocialDevelopments	Mbedu Trading	51,000.00	Sec 42(1)(a)(i) - emergency
Civil	Matlapeng Mahuma	75 922.50	Sec 42(1)(a)(i) - emergency
Fire services	De Wit Motors	27,509.53	Sec 42(1)(a)(i) - emergency
Civil	Xylem	4,468.80	Sec 42(1)(a)(i) - emergency
Civil	BMG	2,949.97	Sec 42(1)(a)(i) - emergency
MBS	Efw fabrics	24,000.00	Sec 42(1)(a)(i) - emergency
Supply Chain	Porta Verspreiders	153,664	Sec 42(1)(a)(i) - emergency
Civil	Tecroveer	46,408.55	Sec 42(1)(a)(i) - emergency
Electrical	Vero test	13,821.36	Sec 42(1)(a)(i) - emergency
Fire Services	HI Tech	16 416.00	Sec 42(1)(a)(i) - emergency
Fire Services	Mc Carthy Kunene	1,836.70	Sec 42(1)(a)(i) - emergency
Fire Services	Van Wettens	2,223.00	Sec 42(1)(a)(i) - emergency
Fire Services	Auto & Diesel	4,241.81	Sec 42(1)(a)(i) - emergency
April 2012			
Electrical	Hpd Drilling	62,510.76	Sec 42(1)(a)(i) - emergency
Electrical	Actom Mv	60,285.48	Sec 42(1)(a)(i) - emergency
Electrical	Netgroup	21,915.36	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
April 2012			
Supply Chain	Porta Plant	283,400.00	Sec 42(1)(a)(i) - emergency
IT	Cibecs Pty Ltd	186,196.20	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	29,155.50	Sec 42(1)(a)(i) - emergency
Electrical	HPD drilling	11,046.60	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	19,528.20	Sec 42(1)(a)(i) - emergency
Electrical	HPD Drilling	16,022.70	Sec 42(1)(a)(i) - emergency
Library	Ubuntu Adventur Learning Institute	5,000.00	Sec 42(1)(a)(ii) - Single provider
Civil	S.A.M.E Water	121,073.70	Sec 42(1)(a)(ii) - Single provider
Traffic	Tidasa	4,902.00	Sec 42(1)(a)(ii) - Single provider
Communication	Abbey Maloma	2,500.00	Sec 42(1)(A)(iii) -special works
Solid Waste	Interwaste	208,830.00	Sec 42(1)(a)(v)- Exceptional case
Civil	HMP Africa	99,850.00	Sec 42(1)(a)(v)- Exceptional case
Fire Services	Barloworld Toyota	857.82	Sec 42(1)(a)(v)- Exceptional case
Electrical	Nosa	57,400.00	Sec 42(1)(a)(v)- Exceptional case
Electrical	Zanezi	18,217.20	Sec 42(1)(a)(v)- Exceptional case
Town planning	Johan meiring	2,679.00	Sec 42(1)(a)(v)- Exceptional case
Electrical	Nosa	65,634.78	Sec 42(1)(a)(v)- Exceptional case
Fire services	Auto & Diesel	5,839.42	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
May 2012			
Electrical	Schneider Electric	87,251.65	sec 42(1)(a)(i) - emergency
Civil	Procol	19,090.44	Sec 42(1)(a)(i) - emergency
Civil	TV Electric	4,816.32	Sec 42(1)(a)(i) - emergency
Fire	Hi-Tech	2,451.00	Sec 42(1)(a)(i) - emergency
Fire	Dickason & son	1,539.00	Sec 42(1)(a)(i) - emergency
Fire	Barloworld Toyota	3,591.91	Sec 42(1)(a)(i) - emergency
Civil	Porta Plant	22,000	Sec 42(1)(a)(i) - emergency
Supply Chain	Plant verspreiders	196,980.00	Sec 42(1)(a)(i) - emergency
Fire	Auto & Diesel	8,187.48	Sec 42(1)(a)(i) - emergency
Squatter control	Sollys Mburg	8,379	Sec 42(1)(a)(i) - emergency
IT	F & W	1,140.00	Sec 42(1)(a)(i) - emergency
Fire	Sollys Mburg	2,179.95	Sec 42(1)(a)(i) - emergency
Data	Consolidated African Technology	12,447.66	Sec 42(1)(a)(i) - emergency
Fire	Fire Raiders	37,229.70	Sec 42(1)(a)(i) - emergency
Fire	Van Wettens	2,223.00	Sec 42(1)(a)(i) - emergency
Fire	MP Tyres	800.00	Sec 42(1)(a)(i) - emergency
Civil	Xylem	12,768.00	Sec 42(1)(a)(i) - emergency
Civil	Temrou	1,468,687.00	Sec 42(1)(a)(i) - emergency
Civil	Rescue Rod	42,807.00	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
May 2012			
Civil	YMR Engineering	51,444.78	Sec 42(1)(a)(i) - emergency
Fire	Van Wettens	4,446.00	Sec 42(1)(a)(i) - emergency
Electrical	Mayivuthe Contractor	30,118.80	Sec 42(1)(a)(i) - emergency
Electrical	PJ Technologies	3,982.00	Sec 42(1)(a)(ii) - Single provider
Civil	Rheochem	64,968.60	Sec 42(1)(a)(ii) - Single provider
Income	G4S	4,746.96	Sec 42(1)(a)(ii) - Single provider
Income	Protea coin security	2,451.00	Sec 42(1)(a)(ii) - Single provider
Licence	Motomid	1,651.65	Sec 42(1)(a)(ii) - Single provider
Licence	Mburg Nissan	2,332.26	Sec 42(1)(a)(ii) - Single provider
IT	Advanced cost Engineering	3,163.50	Sec 42(1)(a)(ii) - Single provider
Fire	Digi Core	29,070.00	Sec 42(1)(a)(ii) - Single provider
Fire	Iveco Middelburg	4,627.26	Sec 42(1)(a)(ii) - Single provider
Library	Aluta books	22,586.25	Sec 42(1)(A)(iii) -special works
Library	Hadedada books	12,827.87	Sec 42(1)(A)(iii) -special works
Library	Hadedada books	21,810.24	Sec 42(1)(A)(iii) -special works
Library	Bargain books	18,526.73	Sec 42(1)(A)(iii) -special works
MBS	CMH Construction	414,900.00	Sec 42(1)(a)(v)- Exceptional case
Electrical	Ftech Services	45,588.60	Sec 42(1)(a)(v)- Exceptional case
Traffic	Auto carb	5,981.58	Sec 42(1)(a)(v)- Exceptional case
Electrical	Mc Carthy Kunene	15,097.35	Sec 42(1)(a)(v)- Exceptional case
Traffic	Dickason and son	5,452.57	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
May 2012			
Traffic	Grundling Towing	1,500.00	Sec 42(1)(a)(v)- Exceptional case
MBS	Hi -Tech Lifts cc	490,485.00	Sec 42(1)(a)(v)- Exceptional case
T/Planning	Bigen Africa	14,500.00	Sec 42(1)(a)(v)- Exceptional case
Fire	Barloworld Toyota	7,196.65	Sec 42(1)(a)(v)- Exceptional case
Traffic	Mburg Nissan	2,715.18	Sec 42(1)(a)(v)- Exceptional case
HR	ETS	25,045.00	Sec 42(1)(a)(v)- Exceptional case
Traffic	Automotor Traffic Signal	33,997.00	Sec 42(1)(a)(v)- Exceptional case
Events	JCF Air Conditioning	3,036.50	Sec 42(1)(a)(v)- Exceptional case
T/Planning	Bigen Africa	13,395.00	Sec 42(1)(a)(v)- Exceptional case
Youth Development	Nyalo Corporate	37,460.00	Sec 42(1)(a)(v)- Exceptional case