

# **GREATER LETABA LOCAL MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE  
2012**

**GREATER LETABA MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

**INDEX**

<b>CONTENTS</b>	<b>Page</b>
CONTACT INFORMATION	3
GENERAL INFORMATION : MEMBER OF COUNCIL	4
APPROVAL OF ANNUAL FINANCIAL STATEMENTS	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF FINANCIAL PERFORMANCE	9
STATEMENT OF CHANGES IN NET ASSETS	10
STATEMENT OF CASHFLOWS	11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	12
<b>APPENDICES</b>	
A SCHEDULE OF INTEREST BEARING BORROWINGS	45
B ANALYSIS OF PROPERTY PLANT AND EQUIPMENT	46
C SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE	48
D ACTUAL VERSUS BUDGET	49
E DEVIATION FROM SUPPLY CHAIN PROCESSES	50

# Annual Financial Statements

for

## **GREATER LETABA LOCAL MUNICIPALITY**

for the year ended 30 June 2012

Province:

AFS rounding:

<b>Contact Information:</b>	
<b>Name of Acting Municipal Manager:</b>	T H Mkansi
<b>Name of Chief Financial Officer:</b>	T H Mkansi
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<b>Name of contact at provincial treasury:</b>	H Phokanoka
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<b>Name of relevant Auditor:</b>	D L Ledwaba
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Contact e-mail address:	<a href="mailto:dledwaba@agsa.co.za">dledwaba@agsa.co.za</a>
<b>Name of contact at National Treasury:</b>	Aubrey Nkhavhambe
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**GREATER LETABA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**30 JUNE 2012**

**General information**

**Members of the Council**

G H Modjadji

**Mayor**

R R Ramalatso

**Speaker**

M C Masutha

**Chiefwhip**

M M Nkwana

**Members of the Executive Committee**

N N Baloi

M D Makhananisa

R J Makhananisa

F M Moroatshehla

F N Maake

T C Kgafela

M C Seale

M P Masela

G J Mkansi

**Members**

M G Ntuli

S S Malatji

M I Manyama

M V Makgwathela

M A Lebepe

F Morwatshehla

M V Mashapa

M P Malola

T E Makgatho

M E Machete

L R Mashapa

M S S Sebelemetja

D I Matloga

M P Satekge

A M Mantlaka

M M Mankgero

R E Sekhonoane

T D Mkhari

M F Makhubela

M G Selowa

M D Rabapane

N Selowa

B E Ngobeni

M F Kgamede

N M Kgatla

N T Machete

**GREATER LETABA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**30 JUNE 2012**

**General information**

**Members of the Council (cont.)**

M J Baloyi  
M J Kgatla  
M A Lebepe  
M E Lebepe  
S P Mabale  
M E Mafona  
M A Makgeru  
M F Manyama  
M F Moruthoane  
M Mathedimosa  
N E Phatudi  
T J Rababalela  
M Serekele  
D L Selowa  
T J Senyolo  
R A Seunana  
M K Nakana  
M J Willemse

**Municipal Manager**

I P Mutshinyali

**Chief Financial Officer**

T H Mkansi

**Grading of Local Authority**

3

**Auditors**

Auditor-General

**Bankers**

First National Bank

**GREATER LETABA LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
30 JUNE 2012**

**General information (continued)**

**Registered Office:** Greater Letaba Municipality

**Physical address:** Civic Centre  
Botha Street  
Modjadjiskloof  
0835

**Postal address:** P.O Box 36  
Modjadjiskloof  
0835

**Telephone number:** (015) 309 9246/7/8

**Fax number:** (015) 309 9419

**E-mail address:** [greaterletaba@glm.gov.za](mailto:greaterletaba@glm.gov.za)

**GREATER LETABA LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 66, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

\_\_\_\_\_  
**T H MKANSI**  
**MUNICIPAL MANAGER (ACTING)**

**DATE**

**GREATER LETABA LOCAL MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012**

	Note	2012 R	2011 R
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	2	2 932 468	2 990 413
Consumer debtors	3	24 077 710	11 175 888
Other receivables	4	1 184 033	650 212
VAT receivable	5	221 016	2 369 125
Cash and cash equivalents	6	33 695 355	32 857 697
Investments	9	52 656 390	30 619 794
<b>Non-current assets</b>			
Property, plant & equipment	7	237 575 201	205 435 918
Intangible assets	8	461 402	582 331
Investments Properties	9	38 000	764 249
Investments	10	7 307 576	6 957 958
<b>Total assets</b>		<b><u>360 149 150</u></b>	<b><u>294 403 586</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	36 158 915	35 503 155
Consumer deposits	12	196 992	217 146
Unspent conditional grants and receipts	13	22 905	819 926
Current portion of borrowings	14	705 780	584 226
Provisions	15	-	425 139
<b>Non-current liabilities</b>			
Borrowings	14	9 269 115	9 994 685
Provisions	15	7 506 652	6 118 825
<b>Total liabilities</b>		<b><u>53 860 359</u></b>	<b><u>53 663 102</u></b>
		<b><u>306 288 791</u></b>	<b><u>240 740 484</u></b>
<b>Net Assets</b>			
Revaluation reserve		-	316 484
Accumulated surplus		306 288 791	240 424 000
		<b><u>306 288 791</u></b>	<b><u>240 740 484</u></b>



**GREATER LETABA LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 R	2011 R
<b>REVENUE</b>			
Property rates	16	6 920 579	3 273 230
Service charges	17	11 338 325	14 577 842
Finance income	18	8 855 898	7 681 340
Government grants and subsidies received - operating	19	123 917 382	103 369 100
Government grants and subsidies received - capital	19	32 997 000	2 183 000
Rental of facilities and equipment		51 210	120 312
Fines		417 632	658 277
Agency fees	20	1 519 262	1 078 520
Licences and permits		3 061 805	3 218 119
Other revenue	21	776 579	2 419 404
<b>Total Revenue</b>		<b><u>189 855 672</u></b>	<b><u>138 579 144</u></b>
<b>EXPENDITURE</b>			
Employee related costs	22	40 305 647	33 191 985
Remuneration of councillors	23	13 351 473	11 405 370
Bad debts		(6 887 685)	4 960 466
Depreciation and amortisation expense	24	9 004 039	11 923 577
Finance cost	25	1 558 604	1 827 774
Repairs and maintenance		2 925 779	4 721 567
Bulk purchases	26	9 487 172	7 250 613
Contracted Services	27	6 748 378	5 882 009
General expenses	28	45 949 304	26 853 165
<b>Total Expenditure</b>		<b><u>122 442 710</u></b>	<b><u>108 016 526</u></b>
Gain/(Loss) on disposal of assets	29	(1 548 171)	(11 175 512)
Gain/(Loss) on fair value adjustment	30		2 410 016
<b>NET SURPLUS FOR THE YEAR</b>		<b><u>65 864 791</u></b>	<b><u>21 797 122</u></b>

**GREATER LETABA LOCAL MUNICIPALITY  
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total: Net Assets</b>
		R
Balance 1 July 2010	200 451 855	200 451 855
Surplus/(deficit) for the period	21 797 122	
Correction of prior year errors (note 31)	4 021 870	4 021 870
Change in accounting policies (note 32)	14 153 153	14 153 153
<b>Balance at 30 June 2011</b>	<b>240 424 000</b>	<b>200 451 855</b>
<b>Balance at 1 July 2011</b>		
Surplus/(deficit) for the period	65 864 791	
<b>Balance at 30 June 2012</b>	<b>306 288 791</b>	<b>200 451 855</b>

**GREATER LETABA LOCAL MUNICIPALITY  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 R	2011 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and others		169 104 101	142 529 887
Services and rates		4 638 523	12 970 807
Grants		156 914 382	105 552 100
Interest received		4 624 810	3 240 814
Other receipts		2 926 386	20 766 166
Cash paid to suppliers and employees		( 106 181 804)	(91 400 157)
Employee cost		53 657 120	44 597 355
Suppliers		9 213 795	7 250 613
Interest paid		1 558 604	1 827 774
Other payments		28 036 799	37 724 415
<b>Cash generated from / (utilized in) operations</b>	<b>33</b>	<b>61 393 459</b>	<b>51 447 443</b>
Finance income		8 855 898	7 681 340
Finance costs		(1 558 604)	(1 827 774)
<b>Net cash from operating activities</b>		<b>68 690 753</b>	<b>57 301 009</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and other assets		(57 561 380)	(34 588 428)
(Increase)/decrease in current investments		(22 386 214)	( 408 932)
<b>Net cash used in investing activities</b>		<b>(79 947 594)</b>	<b>(34 997 360)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in long term loans		( 604 016)	( 526 044)
Payment of finance lease liabilities			( 71 092)
<b>Net cash used in financing activities</b>		<b>( 604 016)</b>	<b>( 597 136)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(11 860 857)</b>	<b>21 706 513</b>
Cash and cash equivalents at beginning of the year		32 857 697	38 237 356
Cash and cash equivalents at end of the year		33 695 355	32 857 697

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

**1.1 BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated.

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) and MFMA Circulars as issued by National Treasury.

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

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

**1.2 PRESENTATION CURRENCY**

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

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

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

<b>ISSUED BUT NOT YET EFFECTIVE</b>	<b>STANDARD APPLIED</b>
GRAP 18 Segment Reporting	Not applicable
GRAP 21 Impairment of non-cash-generating assets	IAS 36
GRAP 23 Revenue from Non-Exchange Transactions	GAMAP 9
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007	Not applicable
GRAP 25 Employee Benefits	IAS 19
GRAP 26 Impairment of cash generating assets	IAS 36
GRAP 103 Heritage Assets	Not applicable

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.6 RESERVES**

**1.6.1 Revaluation Reserve**

**(Realised through use)**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalue buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalue amounts, are credited or charged to the Statement of Financial Performance.

**(If Realised on disposal)**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised on the disposal of the property, plant and equipment. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalue amounts, are credited or charged to the Statement of Financial Performance.

**1.7 PROPERTY, PLANT & EQUIPMENT**

**1.7.1 Initial recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. Including import duties and non-refundable taxes.

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

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

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

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

**1.7.2 Subsequent measurement - revaluation model (land and buildings)**

Subsequently land and buildings are stated at revalued amounts, being the fair value of the land and buildings at the date of revaluation less subsequent accumulated depreciation and impairment losses in respect of buildings only.

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

A decrease in the carrying amount of land and buildings as a result of a revaluation is recognised as an expense unless there is a revaluation surplus in the reserve account. Any amount in excess of the revaluation surplus is recognised as an expense.

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.7 PROPERTY, PLANT & EQUIPMENT (cont)**

**1.7.3 Subsequent measurement - cost model**

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

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

**1.7.4 Depreciation and impairment**

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure Assets</b>	<b>Years</b>
Roads, pavements, bridges and storm water	10 - 100
Street names, signs and parking meters	5
Water reservoirs and reticulation	15-20
Electricity reticulation	20-50
Sewerage purification and reticulation	15-20
Refuse sites	15
Security measures	5
 <b>Community Assets</b>	
Parks and gardens	10-30
Sport fields	20-30
Community halls	30
Libraries	30
Recreation facilities	30
Cemeteries	30
 <b>Other Assets</b>	
Motor vehicles	7 - 15
Plant and equipment	2 -5
IT equipment	5
Office equipment	5
 <b>Finance lease assets</b>	
Office equipment	5

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

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a revalued asset is treated as a revaluation decrease).

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.7 PROPERTY, PLANT & EQUIPMENT (cont)**

**1.7.5 Derogation**

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

**1.8 INTANGIBLE ASSETS**

**1.8.1 Initial recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

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

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

**1.8.2 Subsequent measurement - cost model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

**1.8.3 Amortisation and impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	Years
Licences	3
Computer software	3

Each item of intangible asset is amortised separately.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.8 INTANGIBLE ASSETS (cont)**

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**1.8.4 Derecognition**

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

**1.9 NON-CURRENT ASSETS HELD FOR SALE**

**1.9.1 Initial recognition**

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

**1.9.2 Subsequent measurement**

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

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

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

**1.10 INVENTORIES**

**1.10.1 Initial recognition**

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

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

**1.10.2. Subsequent measurement**

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

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

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.



**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.10 INVENTORIES (cont)**

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

**1.11 FINANCIAL INSTRUMENTS**

**1.11.1 Initial recognition**

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

**1.11.2. Subsequent measurement**

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

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.11 FINANCIAL INSTRUMENTS (cont)**

**1.11.2.1 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

**1.11.2.2 TRADE PAYABLES AND BORROWINGS**

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

**1.11.2.3 CASH AND CASH EQUIVALENTS**

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

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

**1.11.3 IMPAIRMENT**

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when the municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (cont)**

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

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

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

**1.13 LEASES**

**1.13.1 The Municipality as Lessee**

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

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

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

**1.13.2 The Municipality as Lessor**

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

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.14 REVENUE RECOGNITION**

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

**1.14.1 Revenue from exchange transactions**

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

**Service charges**

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

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 then recognised in the statement of financial performance in the invoicing period in which meters have been read

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.

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

**Sale of goods**

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

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

**Interest, royalties and dividends**

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement.

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

**Agency Services**

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

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.14 REVENUE RECOGNITION (cont)**

**1.14.2 Revenue from non-exchange transactions**

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

**Rates (including collection charges and penalty interest)**

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

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income .

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties

**Fines**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

**Public donations and contributions**

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

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

**Other**

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

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.14 REVENUE RECOGNITION (cont)**

**Government grants, transfers and donations**

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), 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.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

**1.15 BORROWING COSTS**

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

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**1.16 EMPLOYEE BENEFITS**

**1.16.1 Short-term employee benefits**

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

**1.16.2 Termination Benefits**

Termination benefits are recognised when actions have been taken to indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

**1.16.3 Retirement benefits**

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.16 EMPLOYEE BENEFITS (cont)**

**Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straight-line basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

**Post employment medical care benefits**

The municipality provides post employment medical care benefits to its 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.

**1.17 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.

**1.20 VALUE ADDED TAX (VAT)**

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

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1.21 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The following areas involve a significant degree of estimation uncertainty:

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

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

- Impairment of assets
- Provisions
- Other



**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>2. INVENTORIES</b>		
Consumable stores - at cost	819 468	877 413
Unsold property	2 113 000	2 113 000
	<b>2 932 468</b>	<b>2 990 413</b>

Inventories are held for own use with the result that no write downs of inventory to net realisable value were required.

	<b>Gross Balances</b>	<b>Provision for Doubtful Debts</b>	<b>Net Balance</b>
<b>3. CONSUMER DEBTORS</b>			
<b>30 June 2012</b>			
Service debtors			
Rates	12 182 298	( 110 757)	12 071 541
Electricity	7 946 125	(1 869 459)	6 076 666
Refuse	14 764 897	(13 258 588)	1 506 309
VAT	2 426 205	(2 128 114)	298 091
Other	13 717 092	(9 591 989)	4 125 103
<b>Total</b>	<b>51 036 617</b>	<b>(26 958 907)</b>	<b>24 077 710</b>
<b>30 June 2011</b>			
Service debtors			
Rates	9 900 242	(7 438 001)	2 462 241
Electricity	8 113 940	(6 095 962)	2 017 978
Refuse	11 970 268	(8 993 201)	2 977 067
VAT	2 529 918	(1 900 714)	629 204
Stand loans	1 737 740	(1 305 555)	432 185
Other	10 770 373	(8 113 159)	2 657 214
<b>Total</b>	<b>45 022 481</b>	<b>(33 846 593)</b>	<b>11 175 888</b>
<b>Debtors Age Analysis</b>			
<b>Rates</b>			
Current (0 - 30 days)		598 537	453 934
31 - 60 days		443 177	400 621
61 - 90 days		397 974	301 917
90 days +		10 742 610	8 743 770
<b>Total</b>		<b>12 182 298</b>	<b>9 900 242</b>
<b>Electricity</b>			
Current (0 - 30 days)		1 527 028	1 052 798
31 - 60 days		438 507	651 865
61 - 90 days		356 883	506 300
90 days +		5 623 707	5 902 977
<b>Total</b>		<b>7 946 125</b>	<b>8 113 940</b>
<b>Refuse and other</b>			
Current (0 - 30 days)		502 279	763 878
31 - 60 days		443 343	694 991
61 - 90 days		414 961	618 587
90 days +		29 547 611	24 930 843
<b>Total</b>		<b>30 908 194</b>	<b>27 008 299</b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>3. CONSUMER DEBTORS (cont)</b>		
	<b>Residential</b>	<b>Bus &amp; Government</b>
		<b>Other</b>
<b>Summary of Debtors by Customer Classification</b>		
<b>30 June 2012</b>		
Current (0 - 30 days)	946 075	1 300 899
31 - 60 days	975 886	311 928
61 - 90 days	835 515	278 446
90 days +	37 628 958	6 979 359
<b>Subtotal</b>	<u>40 386 434</u>	<u>8 870 632</u>
Less: Provision for doubtful debts	(25 821 148)	-
<b>Total debtors by customer classification</b>	<u><u>14 565 286</u></u>	<u><u>8 870 632</u></u>
	<b>Residential</b>	<b>Bus &amp; Government</b>
		<b>Other</b>
<b>30 June 2011</b>		
Current (0 - 30 days)	1 112 309	806 459
31 - 60 days	911 613	473 857
61 - 90 days	753 162	374 323
90 days +	32 655 211	6 456 213
<b>Subtotal</b>	<u>35 432 295</u>	<u>8 110 852</u>
Less: Provision for doubtful debts	(26 636 970)	(6 097 503)
<b>Total debtors by customer classification</b>	<u><u>8 795 325</u></u>	<u><u>2 013 349</u></u>

**Reconciliation of the doubtful debt provision**

Balance at beginning of the year	33 846 593	32 900 639
Contributions to provision		945 954
Reversal of provision	(6 887 685)	
<b>Balance at end of year</b>	<u><u>26 958 908</u></u>	<u><u>33 846 593</u></u>

The Municipality appointed UHMS to compile a revenue enhancement strategy and appointed Akhile Consulting to conduct a debtor cleansing exercise.

Bad debts amounting to R 21 762 222 were approved by Council during August 2012.

**4. OTHER RECEIVABLES**

Deposit	131 269	89 190
Sundry debtors	1 052 763	561 022
	<u><u>1 184 033</u></u>	<u><u>650 212</u></u>

**5. VAT RECEIVABLE**

VAT receivable	<u><u>221 016</u></u>	<u><u>2 369 125</u></u>
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of the following:		
Cash at bank	32 031 752	31 324 739
Fixed and call deposits	1 663 603	1 532 958
Nedbank	1 526 770	1 463 161
ABSA	73 480	69 797
Old Mutual	63 353	
	<b>33 695 355</b>	<b>32 857 697</b>
Cash at bank totalling R 22 905 (2011: R577 926) is attributable to unspent conditional grants.		
The municipality has the following bank accounts:		
<b>Current account (primary bank account)</b>		
Bank: First National Bank		
Account number: 52100005761		
Bank statement balance at beginning of year	1 724 589	12 723 644
Bank statement balance at end of year	<b>11 011 742</b>	<b>1 724 589</b>
Cash book balance at beginning of year	1 724 589	12 723 644
<b>Cash book balance at end of year</b>	<b>11 011 742</b>	<b>1 724 589</b>
<b>Current account (Traffic)</b>		
Bank: First National Bank		
Account number: 62051705534		
Bank statement balance at beginning of year	29 579 083	23 719 595
Bank statement balance at end of year	<b>21 001 096</b>	<b>29 579 083</b>
Cash book balance at beginning of year	29 579 083	23 719 595
<b>Cash book balance at end of year</b>	<b>21 001 096</b>	<b>29 579 083</b>
<b>Current account (Housing)</b>		
Bank: First National Bank		
Account number: 62051706409		
Bank statement balance at beginning of year	19 271	332 437
Bank statement balance at end of year	<b>18 914</b>	<b>19 271</b>
Cash book balance at beginning of year	19 271	332 437
<b>Cash book balance at end of year</b>	<b>18 914</b>	<b>19 271</b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**7. PROPERTY, PLANT & EQUIPMENT**

**OWNED ASSETS:**

**7.1**

	Land	Buildings	Infrastructure	Other Assets	Heritage assets	Total
	R	R	R	R	R	R
<b>Reconciliation of Carrying Value 30 June 2012</b>						
<b>Carrying values at beginning of the year</b>	<b>7 745 758</b>	<b>53 009 722</b>	<b>129 406 584</b>	<b>14 256 875</b>	<b>684 954</b>	<b>205 103 893</b>
Cost	7 745 758	56 474 268	137 596 463	22 479 795	684 954	224 981 238
Accumulated depreciation	-	(3 464 546)	(8 189 879)	(8 222 920)	-	(19 877 345)
Acquisitions		2 495 641	32 639 425	2 343 600	-	37 478 665
Assets under construction		10 527 897	9 554 818			20 082 715
Depreciation		(1 832 641)	(4 387 412)	(2 552 280)		(8 772 333)
Impairment		(4 567 887)	(10 832 696)			(15 400 583)
Disposals				(866 975)		(866 975)
Depreciation - Disposal of Assets				540 870		540 870
Re-classification	(812 301)					(812 301)
<b>Carrying value at end of the year</b>	<b>6 933 457</b>	<b>59 632 733</b>	<b>156 380 719</b>	<b>13 722 089</b>	<b>684 954</b>	<b>237 353 951</b>
Cost	6 933 457	69 497 806	179 790 706	23 956 420	684 954	280 863 343
Impairment		(4 567 887)	(10 832 696)			(15 400 583)
Accumulated depreciation	0	(5 297 187)	(12 577 291)	(10 234 330)	0	(28 108 808)

	Land	Buildings	Infrastructure	Other Assets	Heritage assets	Total
	R	R	R	R	R	R
<b>Reconciliation of Carrying Value 30 June 2011</b>						
<b>Carrying values at beginning of the year as previously reported</b>	<b>29 173 126</b>	<b>35 937 150</b>	<b>112 808 597</b>	<b>13 775 357</b>	<b>-</b>	<b>191 694 230</b>
Cost	29 173 126	38 290 536	127 477 249	24 586 702	-	219 527 613
Accumulated depreciation	-	(2 353 386)	(14 668 652)	(10 811 345)		(27 833 383)
<b>Change in accounting policy (note 30)</b>	<b>(21 508 039)</b>	<b>9 718 384</b>	<b>12 104 259</b>	<b>(1 770 366)</b>	<b>455 967</b>	<b>(999 796)</b>
Cost	(22 972 166)	10 782 645	(3 764 086)	(6 185 546)	455 967	(21 683 187)
Prior year fair value adjustment	1 065 785	(1 718 519)	6 977 139	332		6 324 737
Prior year adjustment	398 343	175 428	(23 795)	1		549 977
Water written off			(487 173)			(487 173)
Prior year depreciation adjustment		1 029 549	6 675 178	3 233 534		10 938 261
Accumulated depreciation	-	(550 719)	2 726 997	1 181 312	-	3 357 589
<b>Restated carrying value at beginning of the year</b>	<b>7 665 087</b>	<b>45 655 534</b>	<b>124 912 856</b>	<b>12 004 991</b>	<b>455 967</b>	<b>190 694 434</b>
Cost	7 665 087	47 530 090	130 179 333	18 401 489	455 967	204 231 967
Accumulated depreciation	0	(1 874 556)	(5 266 478)	(6 396 499)		(13 537 533)

Acquisitions	80 671	6 210 660	14 624 394	4 546 610	228 986	25 691 322
Assets under construction		3 742 011	4 388 898			8 130 908
Disposals		(1 008 493)	(11 596 161)	(468 304)		(13 072 959)
Depreciation		(1 628 756)	(4 497 861)	(2 131 582)		(8 258 198)
Depreciation - Disposal of Assets		38 766	1 574 459	305 160		1 918 386
<b>Carrying value at end of the year</b>	<b>7 745 758</b>	<b>53 009 722</b>	<b>129 406 584</b>	<b>14 256 875</b>	<b>684 954</b>	<b>205 103 893</b>
Cost	7 745 758	56 474 268	137 596 463	22 479 795	684 954	224 981 238
Accumulated depreciation – cost	0	(3 464 546)	(8 189 879)	(8 222 920)	0	(19 877 345)

**FINANCE LEASE ASSETS:**

**7.2 Reconciliation of Carrying Value**

	2012	2011
<b>Carrying values at beginning of the year</b>	<b>332 026</b>	<b>442 499</b>
Cost	967 323	967 323
Accumulated depreciation	(635 298)	(524 824)
Depreciation	(110 776)	(110 473)
<b>Carrying value at end of the year</b>	<b>221 249</b>	<b>332 026</b>
Cost	967 323	967 323
Accumulated depreciation	(746 074)	(635 298)

The above office equipment is pledged as security for deemed finance leases.

<b>Total property, plant and equipment</b>	<b>237 575 201</b>	<b>205 435 918</b>
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**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012 R</b>	<b>2011 R</b>
<b>8. INTANGIBLE ASSETS</b>		
<b>Computer software</b>		
<b>Reconciliation of Carrying Value</b>		
<b>Carrying values at beginning of the year</b>	582 331	39 085
Cost	607 357	52 025
Accumulated amortisation	( 25 026)	( 12 940)
Acquisitions	0	555 332
Amortisation	( 120 929)	( 12 086)
Cost	607 357	607 357
Accumulated amortisation	( 145 955)	( 25 026)
	<b>461 402</b>	<b>582 331</b>
<b>Carrying value at end of the year</b>		
<b>9. INVESTMENT PROPERTIES</b>		
<b>Reconciliation of Carrying Value</b>		
Carrying values at beginning of the year	764 248	977 775
Cost	942 721	626 237
Fair value	(178 473)	(178 473)
Acquisitions	-	-
Re-classification	(726 249)	-
Market value adjustment	-	316 484
Cost	81 473	942 722
Fair value	(43 473)	(178 473)
	<b>38 000</b>	<b>764 249</b>
<b>Carrying value at end of the year</b>		
<b>10. INVESTMENTS</b>		
<b>Available from investments</b>		
Non current	7 307 576	6 957 958
Momentum	7 307 576	6 957 958
Current	52 656 390	30 619 794
Investic	52 656 390	30 561 621
Old Mutual		58 173
	<b>59 963 966</b>	<b>37 577 752</b>
An investment totalling R7 307 576 (2011: R6 957 958) was ceded to the DBSA as security for a long term loan granted.		
<b>11. TRADE AND OTHER PAYABLES</b>		
Trade creditors	6 198 738	2 613 527
Payments received in advance	681 317	1 739 492
Staff leave	3 838 099	3 695 826
Retentions	4 639 092	3 053 853
Provision for bonus	1 071 839	646 344
Sundry creditor	8 000	112 420
Mopani District (Water & Sanitation function)	19 721 830	23 641 693
	<b>36 158 915</b>	<b>35 503 155</b>
<b>Total Trade and Other Payables</b>		

The increase in trade creditors is due to payments owed to contractor for capital projects.

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

		2012 R	2011 R
<b>12.</b>	<b>CONSUMER DEPOSITS</b>		
	Electricity	<u>196 992</u>	<u>217 146</u>
	No interest is paid on consumer deposits.		
<b>13.</b>	<b>UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
	<i>Conditional Grants from other spheres of Government</i>		
	Finance Management Grant	22 905	819 926
	<b>Total Conditional Grants and Receipts</b>	<u><u>22 905</u></u>	<u><u>819 926</u></u>
	See note 19 for the reconciliation of grants from other spheres of government.		
	These amounts are cash backed.		
<b>14.</b>	<b>BORROWINGS</b>		
	Annuity loans	9 974 895	10 578 911
	Less: Current portion transferred to current liabilities	<u>( 705 780)</u>	<u>( 584 226)</u>
		<u><u>9 269 115</u></u>	<u><u>9 994 685</u></u>
	The loan was taken for an infrastructure project and interest is charged at 15% p.a. The loan is paid in quarterly instalments and will be fully paid by June 2020.		
	Refer to Appendix A for more detail on borrowings.		
<b>15.</b>	<b>PROVISIONS</b>		
<b>15.1</b>	<b>NON CURRENT PROVISION</b>		
	Provision for landfill rehabilitation	2 103 846	2 103 846
	Post retirement medical aid benefits	3 710 727	2 694 446
	Long service awards	1 692 079	1 320 533
		<u><u>7 506 652</u></u>	<u><u>6 118 825</u></u>
	<b>Landfill rehabilitation</b>		
	The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The landfill site is no longer in use.		
	The movement in the non-current provision is reconciled as follows: -		
	Provision for rehabilitation of landfill sites:		
	Balance at the beginning of year	2 103 846	1 912 587
	Increase in provision		191 259
	Balance at the end of year	<u><u>2 103 846</u></u>	<u><u>2 103 846</u></u>
	<b>Post retirement medical aid benefits</b>	<u>3 710 727</u>	<u>2 694 446</u>
	An actuarial valuation has been performed in respect of medical benefits to eligible retirees and current retirees by Arch Actuarial Consulting. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependant may continue membership of the medical aid.		

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>15. PROVISIONS (cont.)</b>		
The movement in the non-current provision is reconciled as follows: -		
<b>Recon of opening and closing accrued liability values</b>	Year ending 30/6/2012	Year ending 30/6/2011
Opening Accrued Liability	2 694 446	2 029 185
Current-service Cost	190 388	144 352
Interest Cost	219 315	181 320
Contributions (benefit paid)	( 170 676)	( 126 300)
Total Annual Expense	<u>239 027</u>	<u>199 372</u>
Actuarial Loss/Gain	777 254	465 889
Closing Accrued Liability	<u><b>3 710 727</b></u>	<u><b>2 694 446</b></u>
<b>Analysis of accrued liability</b>		
Category of Member	30/06/2012	30/06/2011
In-service members	2.109	1.204
Continuation members	1.874	1.697
All members		
Total Liability	3.983	2.901
Value of assets	-	-
Unfunded liability	3.983	2.901
<b>Principal assumptions used:</b>		
<b>a. Financial Assumptions</b>		
Discount Rate	7.70%	8.40%
Health Care Cost Inflation Rate	7.06%	7.27%
<b>b. Demographic Assumptions</b>		
<b>Pre-retirement Mortality:</b> SA85-90 ultimate table, adjusted for female lives.		
<b>Post-retirement Mortality:</b> PA(90) ultimate table, adjusted down by one year of age.		
<b>Long service awards</b>	<u>1 692 079</u>	<u>1 320 533</u>
Long service awards relates to the obligation to provide for long service awards. An actuarial valuation has been performed on all 199 employees that are entitled to long service awards as at 30 June 2012 by Arch Actuarial Consulting. The long service awards is not a funded arrangement i.e. no separate assets have been set aside to meet the liability.		
<b>Recon of opening and closing accrued liability values</b>	Year ending 30/6/2012	Year ending 30/6/2011
Opening Accrued Liability	1 320 533	982 094
Current-service Cost	220 532	161 126
Interest Cost	99 356	84 695
Contributions (benefit paid)	( 118 791)	( 109 868)
Total Annual Expense	<u>201 097</u>	<u>135 953</u>
Actuarial Loss/Gain	170 449	202 486
Closing Accrued Liability	<u><b>1 692 079</b></u>	<u><b>1 320 533</b></u>
<b>Financial Assumptions</b>		
Discount rate	6.64%	7.87%
General Salary Inflation (long term)	59.60%	6.29%
<i>Net effective discount rate</i>	0.64%	1.49%
The salaries used in the valuation include an assumed increase in July 2012..		
<b>Demographic Assumptions</b>	<b>Value</b>	
Average retirement age	65	
Mortality during employment	SA85-90	

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012 R</b>	<b>2011 R</b>
<b>15. PROVISIONS (cont.)</b>		
<b>15.2 CURRENT PROVISION</b>		
Provision for performance bonuses	<u>-</u>	<u>425 139</u>
Performance bonuses are paid one year in arrears and the assessment of eligible employees did not take place at the reporting date. All Sec 56 Manager contracts expired and at reporting date there is no obligation to provide for performance bonus.		
<b>16. PROPERTY RATES</b>		
Residential	4 441 110	3 348 067
Business & Commercial	2 655 176	1 196 862
Government	971 508	971 508
Agricultural	857 532	492 009
Other	22 837	22 837
Income foregone	<u>(2 027 584)</u>	<u>(2 758 053)</u>
	<u><b>6 920 579</b></u>	<u><b>3 273 230</b></u>
<b>VALUATIONS</b>		
Residential	478 371 656	460 565 756
Commercial	90 647 500	90 246 500
Government	26 855 100	26 853 100
Municipal	69 888 900	69 902 000
Agriculture	396 837 750	397 859 750
	<u><b>1 062 600 906</b></u>	<u><b>1 045 427 106</b></u>
Valuations on land and buildings are performed every four years. The last valuation roll came into effect on 1 July 2008. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. Approval for the extension of the valuation roll was obtained from the MEC of CoGHSTA for a period of 1 year.		
Various rates apply for the different categories which is applied to property valuations to determine assessment rates. Rebates are granted to residential. Rates are levied on a monthly basis on property owners.		
Interest at 14% per annum (2011:14%) is levied on outstanding rates.		
<b>17. SERVICE CHARGES</b>		
Sale of electricity	8 436 130	11 725 640
Refuse removal	2 902 195	2 852 202
	<u><b>11 338 325</b></u>	<u><b>14 577 842</b></u>
<b>18. FINANCE INCOME</b>		
Cash and cash equivalents	2 107 952	2 185 495
External investments	2 516 858	1 055 319
Arrear consumers debtors	4 231 088	4 440 526
	<u><b>8 855 898</b></u>	<u><b>7 681 340</b></u>



**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>19. GOVERNMENT SUBSIDIES &amp; GRANTS</b>		
<b>Operating Grants</b>	<b>123 917 382</b>	<b>103 838 631</b>
Equitable share	117 473 000	100 445 134
Finance management Grant	1 558 021	1 387 195
Municipal Systems Improvement Grant	790 000	1 059 372
INEP	3 000 000	
Other	1 096 361	946 930
<b>Capital Grants</b>	<b>32 997 000</b>	<b>3 927 786</b>
Municipal Infrastructural Grant	32 997 000	2 183 000
INEP	-	1 744 786
<b>Total Government Grants &amp; Subsidies</b>	<b>156 914 382</b>	<b>107 766 417</b>
<b>19.1 Equitable Share</b>		
In terms of the Constitution, this is an unconditional grant used to subsidise the provision of basic services to indigent community members.		
<b>19.2 Finance Management Grant</b>		
Balance unspent at beginning of year	819 925	1 207 120
Current year receipts	1 250 000	1 000 000
Offset against equitable share	( 489 000)	-
Conditions met – transferred to revenue	(1 558 021)	(1 387 195)
<b>Unspent amount transferred to liabilities</b>	<b>22 904</b>	<b>819 925</b>
(see note 13)		
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
An amount of R489 000 was offset against equitable share for unspent conditional FMG for the 2009/10 year.		
<b>19.3 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	-	309 372
Current year receipts	790 000	750 000
Conditions met – transferred to revenue	( 790 000)	(1 059 372)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>
The purpose of the grant is for institutional systems. No funds were withheld or delayed.		
<b>19.4 Municipal Infrastructure Grant (MIG)</b>		
Balance unspent at beginning of year	-	-
Current year receipts	32 997 000	2 183 000
Conditions met – transferred to revenue	(32 997 000)	(2 183 000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>
This grant was used to construct municipal infrastructure to provide basic services for the benefit of communities. The conditions of the grant were met. No funds have been withheld.		
<b>19.5 Other</b>		
DPW - EPWP incentive	785 000	865 700
LGSETA	311 361	81 230
<b>Transferred to revenue</b>	<b>1 096 361</b>	<b>946 930</b>
<b>19.6 INEP</b>		
Balance unspent at beginning of year	-	(7 255 214)
Current year receipts	3 000 000	9 000 000
Conditions met – transferred to revenue	(3 000 000)	(1 744 786)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012 R</b>	<b>2011 R</b>
<b>19. GOVERNMENT SUBSIDIES &amp; GRANTS cont.</b>		
<b>19.7 Changes in levels of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>20. AGENCY FEES</b>		
Agency fees : Mopani	307 879	-
Agency fees : Department of Transport	1 211 383	2 419 404
<b>Total agency fees</b>	<b>1 519 262</b>	<b>2 419 404</b>
<b>21. OTHER REVENUE</b>		
Donations	184 226	-
Sundry	592 353	2 419 404
<b>Total Other revenue</b>	<b>776 579</b>	<b>2 419 404</b>
Donation relates to LAN and WAN infrastructure donated to us from the Office of the Premier.		
<b>22. EMPLOYEE RELATED COSTS</b>		
Employee related cost - Salaries and wages	27 547 854	23 166 440
Pension fund and Industrial fund contributions	5 049 735	3 337 601
Travel & motor allowances	481 238	422 038
Housing benefits and allowances	373 485	384 540
Overtime benefits	2 774 157	2 606 833
Leave provision	941 066	228 301
Medical Aid benefits and allowances	1 056 547	823 455
Bonuses	2 081 565	2 222 777
	<b>40 305 647</b>	<b>33 191 985</b>
There were no advances paid to employees.		
<b>Municipal Manager</b>		
Annual remuneration	633 971	618 922
Performance and other bonuses	49 978	-
Travel, motor car and other allowances	249 851	284 944
Contributions to UIF, Medical and Pension Funds	67 679	60 000
	<b>1 001 480</b>	<b>963 866</b>
The Municipal Manager's contract expired at the end of May 2012.		
<b>Chief Financial Officer</b>		
Annual remuneration	189 415	505 916
Performance and other bonuses	62 903	-
Travel, motor car and other allowances	58 217	168 000
Contributions to UIF, Medical and Pension Funds	26 750	84 000
	<b>337 284</b>	<b>757 916</b>
The Chief Financial Officer resigned at the end of August 2011. The position was filled as from May 2012.		

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

		2012 R	2011 R
<b>22.</b>	<b>EMPLOYEE RELATED COSTS</b>		
			<b>Infrastructure &amp; Develop Planning</b>
	<b>Community Services</b>	<b>Corporate Services</b>	
	<b>Remuneration of Individual Directors 30 June 2012</b>		
	Annual remuneration	131 592	476 042
	Performance and other bonuses	58 909	36 506
	Travel, motor car and other allowances	33 000	139 333
	Contributions to UIF, Medical and Pension Funds		140 946
		<u>19 500</u>	<u>79 750</u>
		<u><b>243 001</b></u>	<u><b>753 593</b></u>
			<b>Infrastructure &amp; Develop Planning</b>
	<b>Community Services</b>	<b>Corporate Services</b>	
	<b>Remuneration of Individual Directors 30 June 2011</b>		
	Annual remuneration	499 800	464 780
	Travel, motor car, accommodation, subsistence and other allowances	132 000	179 000
	Contributions to UIF, Medical and Pension Funds		129 778
		<u>78 000</u>	<u>114 000</u>
		<u><b>709 800</b></u>	<u><b>703 778</b></u>
	<p>The Community Services Director's contract expired at the end of September 2011 and the position remained vacant. The Corporate Services Director's contract expired at the end of May 2012.</p> <p>The Infrastructure &amp; Develop Planning Director's contract expired at the end of May 2012.</p> <p>Performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act. (2011 no bonuses were paid.)</p>		
<b>23.</b>	<b>REMUNERATION OF COUNCILLORS</b>		
	Mayor	631 589	599 859
	Speaker	508 909	482 955
	Executive Committee members	1 587 591	2 029 361
	Councillors	10 623 384	8 293 195
		<u><b>13 351 473</b></u>	<u><b>11 405 370</b></u>
	<p>The Mayor, Speaker, Chief Whip and 3 (three) Executive Committee members are full time. In the previous year 1 (one) additional councillor that was full time. Each is provided with an office and secretarial support at the cost of Council.</p> <p>The Mayor has use of a Council owned vehicle for official duties.</p>		
<b>24.</b>	<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
	Property, plant and equipment	8 883 109	11 910 493
	Intangible assets	120 929	13 084
		<u><b>9 004 039</b></u>	<u><b>11 923 577</b></u>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>25. FINANCE COST</b>		
Borrowings	1 558 604	1 636 515
Provisions	-	191 259
	<u><u>1 558 604</u></u>	<u><u>1 827 774</u></u>
<b>26. BULK PURCHASES</b>		
Electricity	9 487 172	7 250 613
	<u><u>9 487 172</u></u>	<u><u>7 250 613</u></u>
<b>27. CONTRACTED SERVICES</b>		
Banking services	106 068	107 725
Couriers	9 143	7 788
Copiers and faxes	73 874	90 418
Investment strategy	47 850	103 650
Meter readers	283 748	313 752
Mobile Toilets	26 700	-
Premicell	570 276	474 397
Refuse Removal	1 615 840	1 112 464
Security services	3 662 388	3 191 537
Sublimentry valuations	185 483	-
Temporary workers	102 834	19 690
VAT audit	-	448 642
Other	6 897	11 946
	<u><u>6 691 100</u></u>	<u><u>5 882 009</u></u>
<b>28. GENERAL EXPENSES</b>		
Included in general expenses is the following:-		
Advertising	609 268	428 137
Audit fees	1 536 179	1 403 161
Back to school campaign	144 060	-
Bank charges	189 775	177 718
Bursary Scheme	822 353	111 383
Capacity Building	330 800	22 500
Catering	371 664	338 325
Conferences and congresses	417 367	200 905
Data Cleansing	520 000	66 667
Electricity	496 016	185 778
Entertainment	101 727	378 148
Fuel	2 055 864	1 501 832
Free basic services	1 688 427	1 535 508
Gender Desk Activities	240 252	70 530
Insurance	831 086	642 122
Interns	2 082 781	1 885 845
Legal expenses	1 046 730	620 130
Membership fees	161 986	232 066
Printing and stationery	469 757	526 553
Public Participation	502 184	295 788
Rental Network printer	474 376	403 651
Postage	111 574	95 947
Revenue Enhancement Strategy	591 780	-
SAIMSA Games	250 491	-
SALGA	103 786	232 066
Stores and material	350 895	414 360
Telephone & cell phone costs	682 033	435 573
Tourism Indaba	177 876	88 434
Training	742 404	438 633
Travel and subsistence	2 382 267	2 459 473
Vehicle licences	74 531	51 103
Electrification of villages	1 539 863	1 508 755
Contribution to post retirement medical care	1 016 281	1 205 549
UIF	253 344	230 233
Unbundling of assets	879 622	-
Workshop and meetings : Ward Committee	3 693 985	2 481 250
Youth Desk Activities	212 939	58 217
Youth Empowerment Project	1 006 522	-
Other	16 786 461	6 126 825
	<u><u>45 949 304</u></u>	<u><u>26 853 165</u></u>

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>29. GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		
Property, plant and equipment	<u>(1 548 171)</u>	<u>11 175 512</u>
<b>30. FAIR VALUE ADJUSTMENT</b>		
Other financial assets	<u>-</u>	<u>2 410 016</u>

During the financial year ended 30 June 2011 the municipality discovered that the following fundamental error occurred in the financial year ended 30 June 2010. Certain assets were fully depreciated to the value of R1. To correct the error the assets have been revalued in the current financial year

**31. CORRECTION OF PRIOR YEAR ERRORS**

**Unspent Conditional Grant : FMG**

The conditional grant : FMG was not spent in the 2009/2010 financial year and offsetted against

equitable share in the 2011/2012 financial year

**Overstatement of interest received**

Provision was made for interest received which was realised in the 2011 financial year (R 39 932).

Momentum investment indicated the total investment and a portion separate. One portion was duplicated (R13 484).

**Overprovision for doubtful debts**

Provision was made for doubtful debt on Government debtors.

**Under provision for performance bonuses**

The performance bonuses provision was insufficient.

**Overprovision for employment health care benefit**

The amount used for the benefit was for the 2012 financial year.

**Overprovision for long service awards**

The amount used for the benefit was for the 2012 financial year.

**Under provision for subsistence and traveling expense**

Claims for 2010/2011 were paid in the 2011/2012 year.

**Creditors paid during financial year**

Provision was made for creditors in the 2009/2010 year and paid during this year.

**Provision for bonus**

No provision for bonus was made.

**Retention overstated**

Retention for two project was raised twice.

**VAT input overstated**

After an audit from a service provider we were able to claim more VAT.

**Correction Mopani creditor**

Mopani who is the service authority of water and sewer services opening balance was incorrect.

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>31. CORRECTION OF PRIOR YEAR ERROR cont</b>		
<b>Correction leave day provision</b>		
Correct the leave day provision.		
<b>Correction EPWP Grant</b>		
EPWP is an incentive grant and must not be provided for as an unspent grant.		
<b>Increase in Debtors</b>		
Debtors opening balance was incorrect.		
<b>Cash items previous year</b>		
Cash received for the 2009/2010 year was captured and had to be reversed.		
<b>Assets not disposed off</b>		
Vehicles was not disposed off as per asset register.		
<b>Decrease in housing allowance</b>		
The audit outcome showed housing allowance as a fruitless and wasteful expenditure.		
The correction of errors resulted in the comparative amounts been restated as follows:		
<b>Statement of Financial Position</b>		
Decrease in doubtful debt provision		4 014 512
Increase in performance bonus provision		75 333
Decrease in the provision for employment health care benefit		( 239 027)
Decrease in the provision for long service awards		( 201 097)
Increase in the subsistence and traveling		21 620
Decrease in creditors		43 599
Increase in service bonuses		742 365
<b>Decrease/increase in Net Assets</b>		<b><u>4 089 845</u></b>
<b>Statement of Financial Performance</b>		
Cash items previous year		( 1 796)
Decrease in Interest Received		53 416
Decrease in doubtful debt provision		(4 014 512)
Increase in performance bonus provision		75 333
Decrease in the provision for employment health care benefit		( 239 027)
Decrease in the provision for long service awards		( 201 097)
Increase in the subsistence and traveling		21 620
Assets not disposed off		( 20 813)
Decrease in creditors		43 599
Leave days correction		( 11 543)
Housing subsidy decrease		( 12 734)
Increase in Mopani creditor		115 072
Increase in service bonuses		593 335
Decrease in retention		( 544 226)
Understatement of VAT		( 149 025)
Understatement of unspent grant		489 000
EPWP is an incentive grant		( 247 000)
Decrease in debtors		28 528
<b>Decrease/increase in Net Surplus for the year</b>		<b><u>(4 021 870)</u></b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>32. CHANGE IN ACCOUNTING POLICY</b>		
<p>The municipality previously opted to take advantage of the transitional provisions on GRAP 17 Property, plant and equipment. Under Directive 4, the Municipality was not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard, being 1 July 2008. Furthermore where the initial accounting for property, plant and equipment, investment property was incomplete by the end of a reporting period in which the Standard became effective or the transfer occurred, whichever was later, the municipality reported for those items property, plant and equipment at provisional amounts in its financial statements.</p> <p>The adjustments resulted in the comparative amount been restated as follows:</p>		
Increase in accumulated depreciation		3 357 589
Increase in accumulated funds		12 000 861
Increase in cost (additions)		(15 358 450)
For the financial year ended 30 June 2011		
Decrease in cost (Additions and assets under construction)		(2 620 882)
Decrease in depreciation		3 628 210
Decrease in carrying value (disposals)		20 939
Effect on closing balance at 30 June 2011		13 029 127
Increase in accumulated depreciation		6 985 799
Increase in accumulated Funds		15 650 009
Increase in cost (additions)		(17 979 332)
<b>33. CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>		
<b>Net surplus for the year</b>	<b>65 864 791</b>	<b>21 045 561</b>
Adjustment for:		
Prior year adjustments	4 021 870	(1 437 463)
Depreciation charges	9 004 039	11 923 577
Loss on disposal of assets	1 548 171	11 154 573
Fair value adjustment	-	-
Water and sanitation adjustment	(1 319 803)	(1 319 803)
Contribution to Provisions	962 688	196 956
Finance income	(8 855 898)	(7 681 340)
Finance costs	1 558 604	1 827 774
<b>Operating surplus before working capital changes</b>	<b>72 784 461</b>	<b>35 709 835</b>
(Increase)/decrease in inventories	57 945	( 227 055)
(Increase)/decrease in consumer debtors	(12 901 822)	(3 390 082)
(Increase)/decrease in other receivables	( 533 821)	7 145 554
(Increase)/decrease in VAT receivable	2 148 109	8 188 809
Increase/(decrease) in conditional grants	( 797 021)	( 308 266)
Increase/(decrease) in trade payables and other payables	655 760	4 332 580
Increase/(decrease) in consumer deposits	( 20 154)	( 3 932)
<b>Net cash from operating activities</b>	<b>61 393 459</b>	<b>51 447 443</b>

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>34. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003</b>		
<b>34.1 Contribution to SALGA</b>		
Council membership fees payable	103 786	232 066
Amount paid current year	<u>( 103 786)</u>	<u>( 232 066)</u>
<b>Balance unpaid (included in creditors)</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>34.2 Audit Fees</b>		
Current year audit fee	1 282 977	1 403 161
Amount paid current year	<u>(1 282 977)</u>	<u>(1 403 161)</u>
<b>Balance unpaid (included in creditors)</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>34.3 VAT</b>		
VAT is payable on the cash basis. VAT input receivables and VAT output receivable are shown in note 5. All VAT returns have been submitted by the due date throughout the year.		
<b>34.4 PAYE &amp; UIF</b>		
Current payroll deductions	8 310 995	7 127 813
Amount paid current year	<u>(8 310 995)</u>	<u>(7 127 813)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>34.5 Pension and Medical Aid Deductions</b>		
Current payroll deductions	9 357 479	7 746 916
Amount paid current year	<u>(9 357 479)</u>	<u>(7 746 916)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>34.6 Distribution losses</b>		
The distribution losses was as follows for the year under review:		
Electricity distribution loss 2012 - 48.65% to the amount of R1 133 687 (8 234 211 units).		
Electricity distribution loss for 2011- 40% to the amount of R3 684 265 (6 640 003 units).		
<b>35. COUNCILLOR'S ARREAR CONSUMER ACCOUNTS</b>		
The following councillors were in arrears with their municipal accounts at 30 June 2012.		
Mr M J Nakana	1 416	-
Mr M Matedimosa	-	384
Mrs SS Malatji	1 704	-
Mrs TC Shai	15 984	-
<b>36. COMMITMENTS</b>		
Commitments in respect of expenditure:		
Approved and contracted for	<u><u>12 109 274</u></u>	<u><u>32 868 082</u></u>
The expenditure will be financed from:		
- Government Grants	<u><u>12 109 274</u></u>	<u><u>32 868 082</u></u>
This commitments is due to multi-year projects.		
<b>37. DEVIATIONS FROM SUPPLY CHAIN</b>		
Refer to Appendix F for details relating to deviation from supply chain processes.		



**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

		2012 R	2011 R
<b>38.</b>	<b>CONTINGENT LIABILITIES</b>		
<b>38.1</b>	<b>Ramalepe vs. GLM</b> The Municipality allocated a stand to Mr Ramalepe & Mrs Ramalatso. Mrs Ramalatso processed the stand with the Deeds Office and obtained the title deed. Mr Ramalepe built a structure on the stand, claiming the costs from the Municipality. Jan Tromp & Associates Inc. Attorneys are in the process of resolving the issue.	109 000	109 000
<b>38.2</b>	<b>Meshomo Tamossone vs. GLM</b> The Municipality is sued for unlawfully arrest after the allegations that one of our traffic officers unlawfully arrested the plaintiff.	100 000	100 000
<b>38.3</b>	<b>Lera Dawite Lamboro vs. GLM</b> The Municipality is sued for unlawfully arrest after the allegations that one of our traffic officers unlawfully arrested the plaintiff.	100 000	100 000
<b>38.4</b>	<b>Eregudo Abrham Jhofs vs. GLM</b> The Municipality is sued for unlawfully arrest after the allegations that one of our traffic officers unlawfully arrested the plaintiff.	100 000	100 000
<b>38.5</b>	<b>Tadassa Lemore Manto vs. GLM</b> The Municipality is sued for unlawfully arrest after the allegations that one of our traffic officers unlawfully arrested the plaintiff.	100 000	100 000
<b>38.6</b>	<b>Motlalepula Reuben Raphadu vs. GLM</b> The Municipality is sued for vicarious liability after the allegations of damages caused by our traffic officers when trying to push start the vehicle of the plaintiff.	112 000	
<b>38.7</b>	<b>Motlalo Samuel Sekgota vs. GLM</b> The Municipality is sued for damages suffered by the plaintiff as a result of construction work next to his house.	95 190	
<b>39.</b>	<b>COMPARISON WITH THE BUDGET</b>  The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E.		

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>40. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>40.1 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	47 752	74 490
Fruitless and wasteful expenditure current year	7 236	47 752
Recovered from official - trf to Other Receivables Condoned by Council	( 31 903)	( 74 490)
Fruitless and wasteful expenditure awaiting condonement	<b>23 085</b>	<b>47 752</b>
	<b>23 085</b>	<b>47 752</b>
The fruitless and wasteful expenditure amounting R12 735 relates to housing subsidy that was overpaid to officials.(2011)		
The fruitless and wasteful expenditure amounting R31 903 relates to legal cost and restructuring of the sewer truck.(2011)		
The fruitless and wasteful expenditure amounting R 7 236 (2011 : R3 114) relates to interest charged on Telkom and Eskom invoices.		
<b>40.2 Irregular expenditure</b>		
Reconciliation of irregular expenditure		
Opening balance	13 789 568	-
Irregular expenditure current year	22 858 653	13 789 568
Recovered from official - trf to Other Receivables Condoned by Council	( 195 000)	-
Irregular expenditure awaiting condonement	<b>36 453 221</b>	<b>13 789 568</b>
	<b>36 453 221</b>	<b>13 789 568</b>
The irregular expenditure amounting R22 858 653 relates to the contravention of SCM laws and regulations. See Appendix F.		
<b>40.3 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure		
Opening balance	171 053	-
Unauthorised expenditure current year		171 053
Recovered from official - trf to Other Receivables Condoned by Council	( 171 053)	-
Unauthorised expenditure awaiting condonement	-	<b>171 053</b>
	-	<b>171 053</b>
The unauthorised expenditure amounting relates to the purchase of the mayoral chain.		

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>41. RELATED PARTY DISCLOSURES</b>		
<b>41.1 Transactions during the year with key management personnel</b>		
<b>Remuneration</b>		
Section 57 Managers	<u>3 066 989</u>	<u>3 839 140</u>
<b>Details of loans and advances</b>		
The MFMA prohibits the granting of loans and advances to officials.		
<b>41.2 List of related parties</b>	<b>Relationship</b>	
<b>Name of related party</b>	Distribution of electricity	
Eskom		
<b>42. RISK MANAGEMENT I.R.O.FINANCIAL INSTRUMENTS</b>		
<b>42.1 Capital risk management</b>		
<p>The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member's and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the municipality consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 6. Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. There are no externally imposed capital requirements. There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.</p>		
<b>42.2 Liquidity risk</b>		
<p>The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an on-going review of future commitments and credit facilities.</p>		
<b>42.3 Interest rate risk</b>		
<p>As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.</p>		

**GREATER LETABA LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>42. RISK MANAGEMENT I.R.O.FINANCIAL INSTUMENTS</b>		
<b>42.4 Credit risk</b>		
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.		

Greater Letaba Local Municipality

Analysis of Property, Plant, and Equipment

Descriptio Class code

		Balance per AFS 30 June 2009	Prior year adjustment - Fair value as per AFS	Prior year adjustment - Fair value Correction	Water assets written off	Revised balance as at 30 June 2009
<b>Land</b>						
Land	1*	5 736 066.82	1 065 784.60	398 342.80	-	7 200 194.22
		<b>5 736 066.82</b>	<b>1 065 784.60</b>	<b>398 342.80</b>	-	<b>7 200 194.22</b>
<b>Buildings</b>						
Dwellings	21*	7 769 123.98	-2 556 021.63	-	-	5 213 102.35
Non reside	22*	40 039 083.08	837 503.13	175 428.21	-	41 052 014.42
		<b>47 808 207.06</b>	<b>-1 718 518.50</b>	<b>175 428.21</b>	-	<b>46 265 116.77</b>
<b>Infrastruc ture</b>						
Roads	32*	56 157 931.37	4 691 598.53	-	-	60 849 529.90
Water	34*	513 618.04	-	-23 795.24	-487 172.95	2 649.85
Electricity	31*	22 664 073.80	2 475 105.08	-	-	25 139 178.88
Solid waste	36*	2 804 632.13	-189 564.76	-	-	2 615 067.37
Cemeterie	39*	82 145.87	-	-	-	82 145.87
Total Infrastruct ure		<b>82 222 401.21</b>	<b>6 977 138.85</b>	<b>-23 795.24</b>	<b>-487 172.95</b>	<b>88 688 571.87</b>
<b>Other assets</b>						
Vehicles	44*	7 084 283.20	-	349 150.00	-	7 433 433.20
Plant & Eq	41*	5 740 627.91	-	276 488.55	-	6 017 116.46
Furniture &	42*	883 160.25	332.14	1 770 969.63	-	2 654 462.02
Computer	43*	671 452.67	-	13 409.00	-	684 861.67
	7.1	<b>14 379 524.03</b>	<b>332.14</b>	<b>2 410 017.18</b>	-	<b>16 789 873.35</b>
<b>Heritage assets</b>						
Heritage a:	5*	455 967.20	-	-	-	455 967.20
		<b>455 967.20</b>	-	-	-	<b>455 967.20</b>

<b>Total PPE as per note</b>	<b>150 602 166.32</b>	<b>6 324 737.09</b>	<b>2 959 992.95</b>	<b>-487 172.95</b>	<b>159 399 723.41</b>
<b>Finance le: 9*</b>	967 323.26	-	-	-	967 323.26
<b>Total PPE as per note</b>	<b>151 569 489.58</b>	<b>6 324 737.09</b>	<b>2 959 992.95</b>	<b>-487 172.95</b>	<b>160 367 046.67</b>
<b>Intangible: 7*</b>	43 996.80	-	-	-	43 996.80
<b>Investmen 8*</b>	696 184.87	-178 472.64	-181 861.33	-	335 850.90
<b>Total fixed assets</b>	<b>152 309 671.25</b>	<b>6 146 264.45</b>	<b>2 778 131.62</b>	<b>-487 172.95</b>	<b>160 746 894.37</b>
	-	-0.00	-	-	-

Historical cost

			Balance 30 June 2010		Prior year adjustme nt - Fair value as per AFS
Additions	AUC additions	Disposals		Additions	
464 892.74	-	-	7 665 086.96	80 670.66	
<b>464 892.74</b>	-	-	<b>7 665 086.96</b>	<b>80 670.66</b>	
511 390.44	-	-	5 724 492.79	-	
753 583.26	-	-	41 805 597.68	6 210 660.49	
<b>1 264 973.70</b>	-	-	<b>47 530 090.47</b>	<b>6 210 660.49</b>	
23 884 122.68	17 138 826.65	-	101 872 479.23	10 453 894.81	
-	-	-	2 649.85	74 864.80	
1 037 160.35	-	-632 532.00	25 543 807.23	4 045 839.13	
63 183.70	-	-	2 678 251.07	49 795.05	
-	-	-	82 145.87	-	
<b>24 984 466.73</b>	<b>17 138 826.65</b>	<b>-632 532.00</b>	<b>130 179 333.25</b>	<b>14 624 393.79</b>	
68 000.00	-	-	7 501 433.20	1 472 950.16	
89 271.72	-	-120 700.00	5 985 688.18	1 923 488.63	
1 117 444.01	-	-	3 771 906.03	434 207.56	
457 600.10	-	-	1 142 461.77	715 964.06	
<b>1 732 315.83</b>	-	<b>-120 700.00</b>	<b>18 401 489.18</b>	<b>4 546 610.41</b>	
-	-	-	455 967.20	228 986.36	
-	-	-	<b>455 967.20</b>	<b>228 986.36</b>	

<b>28 446 649.00</b>	<b>17 138 826.65</b>	<b>-753 232.00</b>	<b>204 231 967.06</b>	<b>25 691 321.71</b>
-	-	-	967 323.26	-
<b>28 446 649.00</b>	<b>17 138 826.65</b>	<b>-753 232.00</b>	<b>205 199 290.32</b>	<b>25 691 321.71</b>
8 027.60	-	-	52 024.40	555 332.44
111 913.50	-	-	447 764.40	-
<b>28 566 590.10</b>	<b>17 138 826.65</b>	<b>-753 232.00</b>	<b>205 699 079.12</b>	<b>26 246 654.15</b>
-	-	-	-	-
-	-	-	0.00	-0.00



AUC additions	Marketvalue adjustment on investment properties	Disposals	Balance 30 June 2011	Additions	AUC additions
-		-	7 745 757.62	-	-
-		-	<b>7 745 757.62</b>	-	-
47 826.11		-686 890.44	5 267 917.10	-	-
3 694 184.45		-321 602.59	51 388 840.03	2 495 640.72	10 527 897.01
<b>3 742 010.56</b>		<b>-1 008 493.03</b>	<b>56 656 757.13</b>	<b>2 495 640.72</b>	<b>10 527 897.01</b>
4 388 897.69		-544 225.95	116 171 045.78	32 357 050.54	9 554 817.61
-		-	77 514.65	-	-
-		-11 051 019.39	18 538 626.97	198 324.72	-
-		-916.11	2 727 130.01	84 050.00	-
-		-	82 145.87	-	-
<b>4 388 897.69</b>		<b>-11 596 161.45</b>	<b>137 596 463.28</b>	<b>32 639 425.26</b>	<b>9 554 817.61</b>
-		-1 390.35	8 972 993.01	1 598 135.00	-
-		-167 937.30	7 741 239.51	425 529.35	-
-		-102 588.21	4 103 525.38	135 709.31	-
-		-196 388.41	1 662 037.42	184 225.85	-
-		<b>-468 304.27</b>	<b>22 479 795.32</b>	<b>2 343 599.51</b>	-
-		-	684 953.56	-	-
-		-	<b>684 953.56</b>	-	-

<b>8 130 908.25</b>		<b>-13 072 958.75</b>	<b>225 163 726.91</b>	<b>37 478 665.49</b>	<b>20 082 714.62</b>
-		-	967 323.26	-	-
<b>8 130 908.25</b>		<b>-13 072 958.75</b>	<b>226 131 050.17</b>	<b>37 478 665.49</b>	<b>20 082 714.62</b>
-		-	607 356.84	-	-
-	316 484.32	-	764 248.72	-	-
<b>8 130 908.25</b>	<b>316 484.32</b>	<b>-13 072 958.75</b>	<b>227 502 655.73</b>	<b>37 478 665.49</b>	<b>20 082 714.62</b>
-		-	0.00	-	-

Market value adjustment on investment properties

Disposals Balance 30 June 2012

- -812 300.60 6 933 457.02  
**- -812 300.60 6 933 457.02**

- - 5 267 917.10  
- - 64 412 377.76  
**- - 69 680 294.86**

- - 158 082 913.93  
- - 77 514.65  
- - 18 736 951.69  
- - 2 811 180.01  
- - 82 145.87

**- - 179 790 706.15**

- -344 745.40 10 226 382.61  
- -275 596.17 7 891 172.69  
- -64 783.58 4 174 451.11  
- -181 850.08 1 664 413.19  
**- -866 975.23 23 956 419.60**

- - 684 953.56  
**- - 684 953.56**

Opening Balance 30 June 2009 Depreciation charge 2010 Total

- - -  
**- - -**

27 975.66 173 427.35 201 403.01  
257 716.23 1 415 437.22 1 673 153.45  
**285 691.89 1 588 864.57 1 874 556.46**

3 997 146.07 -645 692.85 3 351 453.22  
0.15 52.95 53.10  
1 767 412.61 704 328.23 2 471 740.84  
22 649.56 11 662.09 34 311.65  
7.50 2 736.19 2 743.69

**5 787 215.89 73 086.61 5 860 302.50**

1 934 030.68 803 932.80 2 737 963.48  
2 092 639.81 421 939.43 2 514 579.24  
354 588.61 457 265.21 811 853.82  
235 736.16 156 769.92 392 506.08  
**4 616 995.26 1 839 907.36 6 456 902.62**

- - -  
**- - -**

-	<b>-1 679 275.83</b>	<b>281 045 831.19</b>	<b>10 689 903.04</b>	<b>3 501 858.54</b>	<b>14 191 761.58</b>
-	-	967 323.26	414 350.92	110 473.40	524 824.32
-	<b>-1 679 275.83</b>	<b>282 013 154.45</b>	<b>11 104 253.96</b>	<b>3 612 331.94</b>	<b>14 716 585.90</b>
-	-	607 356.84	3 465.80	9 473.97	12 939.77
-	-726 248.72	38 000.00	-	-	-
-	<b>-2 405 524.55</b>	<b>282 658 511.29</b>	<b>11 107 719.76</b>	<b>3 621 805.91</b>	<b>14 729 525.67</b>
-	-	0.00	0.00	0.00	0.00

**Accumulated depreciation**

	2010			2011		
	Balance 30	Depreciation	Accumulated	Disposals	Balance 30	Depreciation
Disposals	June 2010	charge 2011	depreciation on fully depreciated assets	Disposals	June 2011	charge 2012
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	201 403.01	168 125.78		-18 147.02	351 381.77	168 586.43
-	1 673 153.45	1 460 630.42		-20 619.42	3 113 164.45	1 664 054.37
-	<b>1 874 556.46</b>	<b>1 628 756.20</b>		<b>-38 766.44</b>	<b>3 464 546.22</b>	<b>1 832 640.80</b>
-	3 351 453.22	3 076 027.97		-61 206.78	6 366 274.41	3 564 396.91
-	53.10	790.84		-	843.94	1 417.07
-593 825.00	1 877 915.84	1 397 391.70		-1 512 519.72	1 762 787.82	795 573.01
-	34 311.65	20 913.91		-732.63	54 492.93	23 281.34
-	2 743.69	2 736.20		-	5 479.89	2 743.69
<b>-593 825.00</b>	<b>5 266 477.50</b>	<b>4 497 860.62</b>		<b>-1 574 459.13</b>	<b>8 189 878.99</b>	<b>4 387 412.02</b>
-	2 737 963.48	841 435.81		-1 106.51	3 578 292.78	1 062 970.89
-60 404.00	2 454 175.24	504 957.36		-133 853.52	2 825 279.08	631 199.78
-	811 853.82	562 851.83		-32 261.82	1 342 443.83	569 152.03
-	392 506.08	222 336.64		-137 938.20	476 904.52	288 957.47
<b>-60 404.00</b>	<b>6 396 498.62</b>	<b>2 131 581.64</b>		<b>-305 160.05</b>	<b>8 222 920.21</b>	<b>2 552 280.17</b>
-	-	-		-	-	-
-	-	-		-	-	-

<b>-654 229.00</b>	<b>13 537 532.58</b>	<b>8 258 198.46</b>	<b>-1 918 385.62</b>	<b>19 877 345.42</b>	<b>8 772 332.99</b>
-	524 824.32	110 473.40	-	635 297.72	110 776.07
<b>-654 229.00</b>	<b>14 062 356.90</b>	<b>8 368 671.86</b>	<b>-1 918 385.62</b>	<b>20 512 643.14</b>	<b>8 883 109.06</b>
-	12 939.77	12 085.79	-	25 025.56	120 929.44
-	-	-	-	-	-
<b>-654 229.00</b>	<b>14 075 296.67</b>	<b>8 380 757.65</b>	<b>-1 918 385.62</b>	<b>20 537 668.70</b>	<b>9 004 038.50</b>
-	-	-	-	0.00	-
-	-0.00	-0.00	-	-0.00	-0.00

Disposals	Balance 30 June 2012	Carrying value before Impairment 30 June 2012	Impairments for 2012	Carrying value After Impairment 30 June 2012
-	-	6 933 457.02	-	6 933 457.02
-	-	<b>6 933 457.02</b>	-	<b>6 933 457.02</b>
-	519 968.20	4 747 948.90	-	4 747 948.90
-	4 777 218.82	59 635 158.94	-4 567 886.65	55 067 272.29
-	<b>5 297 187.02</b>	<b>64 383 107.84</b>	<b>-4 567 886.65</b>	<b>59 815 221.19</b>
-	9 930 671.32	148 152 242.61	-8 256 559.74	139 895 682.87
-	2 261.01	75 253.64	-	75 253.64
-	2 558 360.83	16 178 590.86	-223 618.54	15 954 972.32
-	77 774.27	2 733 405.74	-2 352 517.93	380 887.81
-	8 223.58	73 922.29	-	73 922.29
-	<b>12 577 291.01</b>	<b>167 213 415.14</b>	<b>-10 832 696.21</b>	<b>156 380 718.93</b>
-163 738.96	4 477 524.71	5 748 857.90	-	5 748 857.90
-212 203.19	3 244 275.67	4 646 897.02	-	4 646 897.02
-36 160.69	1 875 435.17	2 299 015.94	-	2 299 015.94
-128 767.19	637 094.80	1 027 318.39	-	1 027 318.39
<b>-540 870.03</b>	<b>10 234 330.35</b>	<b>13 722 089.25</b>	-	<b>13 722 089.25</b>
-	-	684 953.56	-	684 953.56
-	-	<b>684 953.56</b>	-	<b>684 953.56</b>

**-540 870.03 28 108 808.38**

- 746 073.79

**-540 870.03 28 854 882.17**

- 145 955.00

- -

**-540 870.03 29 000 837.17**

-0.00

- 0.00

**252 937 022.81 -15 400 582.86 237 536 439.95**

221 249.47

221 249.47

**253 158 272.28 -15 400 582.86 237 757 689.42**

461 401.84

461 401.84

38 000.00

38 000.00

**253 657 674.12 -15 400 582.86 238 257 091.26**

-

-0.00

-0.00

-

-



**GREATER LETABA LOCAL MUNICIPALITY**  
**APPENDIX A**  
**SCHEDULE OF INTEREST BEARING BORROWINGS 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 during the period	Balance at 30 June 2012
			R	R	R	R	R
<b>LONG TERM LOANS</b>							
Development Bank of Southern Africa			(10 578 911)	1 558 604	-	604 016	(9 974 895)
<b>Total External Loans</b>			<u><u>(10 578 911)</u></u>	<u><u>1 558 604</u></u>	<u><u>-</u></u>	<u><u>604 016</u></u>	<u><u>(9 974 895)</u></u>

**GREATER LETABA LOCAL MUNICIPALITY  
APPENDIX C**

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

2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)		2012 Actual Income	2012 Actual Expenditure	2012 Actual Surplus/ (Deficit)
R	R	R		R	R	R
-	<b>24 634 118</b>	<b>(24 634 118)</b>	<b>EXECUTIVE &amp; COUNCIL</b>	-	<b>24 247 800</b>	<b>(24 247 800)</b>
-	22 208 927	(22 208 927)	Mayor and Council	-	19 967 721	(19 967 721)
-	2 425 191	(2 425 191)	Municipal Manager's office	-	4 280 080	(4 280 080)
<b>106 118 575</b>	<b>32 146 135</b>	<b>73 972 440</b>	<b>FINANCE &amp; ADMINISTRATION</b>	<b>168 961 872</b>	<b>55 311 780</b>	<b>113 650 092</b>
106 118 575	14 699 544	91 419 031	Budget & Treasury office	168 961 872	36 188 353	132 773 519
-	3 747 409	(3 747 409)	Human Resources	-	3 672 725	(3 672 725)
-	6 115 744	(6 115 744)	Information technology	-	838 361	(838 361)
-	6 282 496	(6 282 496)	Property services	-	6 823 124	(6 823 124)
-	764 610	(764 610)	Other	-	7 289 309	(7 289 309)
-	536 332	(536 332)	Workshop	-	499 908	(499 908)
-	<b>5 977 631</b>	<b>(5 977 631)</b>	<b>PLANNING &amp; DEVELOPMENT</b>	-	<b>4 728 751</b>	<b>(4 728 751)</b>
-	5 977 631	(5 977 631)	Economic development & planning	-	4 728 751	(4 728 751)
<b>4 955 641</b>	<b>21 036 834</b>	<b>(16 081 193)</b>	<b>ROAD TRANSPORT</b>	<b>4 690 820</b>	<b>12 330 754</b>	<b>(7 639 934)</b>
4 955 641	6 855 142	(1 899 501)	Vehicle licensing & testing	4 690 820	5 699 455	(1 008 635)
-	14 095 754	(14 095 754)	Roads	-	6 504 467	(6 504 467)
-	85 938	(85 938)	Taxi ranks	-	126 832	(126 832)
-	<b>1 072 626</b>	<b>(1 072 626)</b>	<b>COMMUNITY &amp; SOCIAL SERVICES</b>	-	<b>578 256</b>	<b>(578 256)</b>
-	324 493	(324 493)	Libraries	-	437 701	(437 701)
-	640 123	(640 123)	Community halls & other facilities	-	29 962	(29 962)
-	108 010	(108 010)	Cemeteries & crematoriums	-	110 594	(110 594)
-	<b>1 052 781</b>	<b>(1 052 781)</b>	<b>PUBLIC SAFETY</b>	-	<b>919 379</b>	<b>(919 379)</b>
-	503 333	(503 333)	Disaster management	-	601 526	(601 526)
-	549 448	(549 448)	Street lighting	-	317 854	(317 854)
-	<b>443 883</b>	<b>(443 883)</b>	<b>HOUSING</b>	-	<b>405 898</b>	<b>(405 898)</b>
-	<b>3 985 455</b>	<b>(3 985 455)</b>	<b>SPORT &amp; RECREATION</b>	-	<b>4 736 054</b>	<b>(4 736 054)</b>
-	<b>382 738</b>	<b>(382 738)</b>	<b>WASTE WATER MANAGEMENT</b>	-	<b>414 640</b>	<b>(414 640)</b>
-	-	-	Sewerage	-	-	-
-	-	-	Storm water	-	7 129	(7 129)
-	382 738	(382 738)	Public toilets	-	407 511	(407 511)
<b>2 852 202</b>	<b>2 248 237</b>	<b>603 965</b>	<b>WASTE MANAGEMENT</b>	<b>2 902 195</b>	<b>3 986 514</b>	<b>(1 084 319)</b>
2 852 202	2 248 237	603 965	Solid waste/refuse	2 902 195	3 986 514	(1 084 319)
-	-	-	<b>WATER</b>	-	-	-
-	-	-	Water distribution	-	-	-
-	-	-	Water storage	-	-	-
<b>13 470 636</b>	<b>13 371 049</b>	<b>99 587</b>	<b>ELECTRICITY</b>	<b>11 436 130</b>	<b>14 780 931</b>	<b>(3 344 801)</b>
13 470 636	13 371 049	99 587	Electricity distribution	11 436 130	14 780 931	(3 344 801)
<b>127 397 054</b>	<b>106 351 487</b>	<b>21 045 567</b>	<b>Total</b>	<b>187 991 017</b>	<b>122 440 757</b>	<b>65 550 260</b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**APPENDIX D**  
**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By-law)	Final Budget	Actual	Unauthorised Expenditure	Variance	Actual Outcome As % Of Final Budget	Actual Outcome As % Of Original Budget
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
<b>Financial Performance</b>									
Property Rates	7 083 000	(1 018 000)		6 065 000	6 920 579		855 579	114	98
Service Charges	17 399 000	(3 166 000)		14 233 000	11 338 325		(2 894 675)	80	65
Interest earned - external investments	758 400			758 400	4 624 810		3 866 410	610	610
Interest earned - outstanding debtors	2 856 041			2 856 041	4 231 088		1 375 047	148	148
Transfers recognised - operating	138 991 000	(13 835 000)		125 156 000	123 917 382		(1 238 618)	99	89
Other Own Revenue	11 751 000	6 922 000		18 673 000	776 579		(17 896 421)	4	7
Rental of facilities	187 000	( 137 000)		50 000	51 210		1 210	102	27
Fines	356 000	154 000		510 000	417 632		( 92 368)	82	117
Agency fees	1 433 800			1 433 800	1 519 262		85 462	106	106
Licences and permits	4 007 792			4 007 792	3 061 805		( 945 987)	76	76
Public donations and contributions				0	0		0	0	0
Gain on disposal of assets				0	(1 548 171)		(1 548 171)	0	0
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	<b>184 823 033</b>	<b>(11 080 000)</b>	<b>-</b>	<b>173 743 033</b>	<b>155 310 502</b>	<b>-</b>	<b>(18 432 531)</b>	<b>1 422</b>	<b>1 344</b>
Employee Costs	46 443 000	2 221 000		48 664 000	40 305 647		(8 358 353)	83	87
Remuneration Of Councillors	15 885 000			15 885 000	13 351 473		(2 533 527)	84	84
Debt Impairment	7 858 000	(4 869 000)		2 989 000	(6 887 685)		(9 876 685)	0	0
Depreciation & Asset Impairment	6 434 000	( 268 000)		6 166 000	9 004 039		2 838 039	146	140
Finance Charges	392 000	1 381 000		1 773 000	1 558 604		( 214 396)	0	0
Repairs and maintenance	6 662 045	(1 713 940)		4 948 105	2 925 779		(2 022 326)	59	44
Materials & Bulk Purchases	16 386 000	(6 206 000)		10 180 000	9 487 172		( 692 828)	93	58
Contracted services	9 292 000	1 944 000		11 236 000	6 748 378		(4 487 622)	60	73
Transfers & Grants	0			0	0		0	0	0
Other Expenditures	33 776 000	(6 555 000)		27 221 000	45 949 304		18 728 304	169	136
<b>Total Expenditure</b>	<b>143 128 045</b>	<b>(14 065 940)</b>	<b>-</b>	<b>129 062 105</b>	<b>122 442 710</b>	<b>-</b>	<b>(6 619 395)</b>	<b>694</b>	<b>621</b>
<b>Surplus/(Deficit)</b>	<b>41 694 988</b>	<b>2 985 940</b>	<b>-</b>	<b>44 680 928</b>	<b>32 867 791</b>	<b>-</b>	<b>(11 813 137)</b>	<b>727</b>	<b>722</b>
Transfers Recognised - Capital				0	32 997 000		32 997 000	0	0
Contributions Recognised - Capital & Contributed Assets								0	0
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	<b>41 694 988</b>	<b>2 985 940</b>	<b>-</b>	<b>44 680 928</b>	<b>65 864 791</b>	<b>-</b>	<b>21 183 863</b>	<b>727</b>	<b>722</b>
Share Of Surplus/(Deficit) Of Associate									
<b>Surplus/(Deficit For The Year)</b>	<b>41 694 988</b>	<b>2 985 940</b>	<b>-</b>	<b>44 680 928</b>	<b>65 864 791</b>	<b>-</b>	<b>21 183 863</b>	<b>727</b>	<b>722</b>
<b>Capital Expenditure &amp; Funds Sources</b>									
<b>Capital Expenditure</b>									
Transfers Recognised - Capital	32 997 000			32 997 000	28 201 722		(4 795 278)	0	0
Public Contributions & Donations									
Borrowing									
Internally Generated Funds	48 246 000	4 751 838		52 997 838	29 177 255		(23 820 583)		
<b>Total Sources Of Capital Funds</b>	<b>81 243 000</b>	<b>4 751 838</b>	<b>-</b>	<b>85 994 838</b>	<b>57 378 977</b>	<b>-</b>	<b>(28 615 861)</b>	<b>0</b>	<b>0</b>
<b>Cash flows</b>									
Net Cash From (Used) Operating				0	68 690 753		68 690 753	0	0
Net Cash From (Used) Investing				0	(79 947 594)		(79 947 594)	0	0
Net Cash From (Used) Financing					( 604 016)		( 604 016)	0	0
<b>Cash/Cash Equivalents At The Year End</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>(11 860 857)</b>	<b>-</b>	<b>(11 860 857)</b>	<b>0</b>	<b>0</b>

**RECONCILIATION IN THE NOTES TO THE FINANCIAL STATEMENTS**

Reconciliation Of Budget Surplus/Deficit With The Surplus/Deficit In The Statement Of Financial Performance	
Net Surplus/Deficit Per The Statement Of Financial Performance	65 864 791
Adjusted For:	
Fair Value Adjustments	0
Impairments Recognised/Reversed	
Surplus/Deficit On The Sale Of Assets	
Increases/Decreases In Provisions	
List other relevant adjustments here	
<b>Net Surplus/Deficit Per Approved Budget</b>	<b>65 864 791</b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**APPENDIX E**  
**DEVIATION FROM SUPPLY CHAIN PROCESSES**  
**SUPPLY CHAIN MANAGEMENT REGULATION 36(2) FOR THE YEAR ENDED 30 JUNE 2012**

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
<b>July - September 2011</b>			
Community Service	Mosate Lodge	R 5 010.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Garden Court Polokwane	R 12 719.88	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	The Elephant Springs	R 2 620.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Tech.Service	Col-John Hotel	R 2 250.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Garden Court Polokwane	R 1 162.49	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Protea Hotel the Ranch	R 5 318.54	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Garden Court Polokwane	R 957.49	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Klein Kariba	R 4 490.00	Only two service providers responded.
EDP	Mohlao textile	R 1 005.00	Only two service providers responded.
Roads	Tzaneen Midas	R 413.34	Only one supplier responded.
Planning & Development	Tzaneen Midas	R 436.58	Only two service providers responded.
Sport	Tzaneen Midas	R 1 908.00	Emergency situation not clearly explained.
Executive & council	Garden Court Polokwane	R 1 914.98	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	The Shamrock	R 2 216.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Protea Hotel Hatfield	R 4 908.75	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Protea Hotel Hatfield	R 4 908.75	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Mopani Bed & Breakfast	R 590.00	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP & Tech.Service	Glenshiel Hotel	R 9 200.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Mashai Taxi CC	R 3 250.00	The memorandum was approved late on the 25 <sup>th</sup> of July 2011.
Finance,Comm.Serv,Exe	Fairview Hotel	R 27 097.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Mabakgona Catering & Enterprise	R 7 300.00	Only two service provider responded.

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Executive & council	Victorian Guest Lodge	R 4 040.00	SCM policy did not require three quotations for accomodation as required by scm regulations
CORPS	Garden Court Milpark	R 4 253.37	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Big Ben Lodge	R 3 190.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Southern Sun Cullian	R 6 416.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Community Service	Koppia Transport	R 1 500.00	Interviews were not pre-planned. Only one service provider responded due to short notice.
Community Service	N H Hotels	R 7 921.20	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Protea Hotel the Ranch	R 1 958.00	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Forever Resourt Warmbaths	R 2 470.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Garden court Polokwane	R 2 324.98	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	City Lodge	R 17 086.50	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Protea Hotel Fire & Ice	R 15 280.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Community Service	Modjadjiskloof Spar	R 709.80	Spar was the only option .
Tech.Service	Electric Centre	R 15 610.48	Emergency –premiers visit event.
Finance	City Lodge Durban	R 5 695.50	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Garden Court Hatfield	R 8 404.50	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Protea Hotel Hatfield Apartment	R 44 128.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Moshatshi Trading Enterprise	R 18 000.00	Only one service provider responded.
Executive & council	Mabakgona Catering & Enterprise	R 18 000.00	The only service provider who responded & resides at that area.
Executive & council	Selmak	R 13 000.00	The only service provider who responded & resides at that area.
Executive & council	Protea Hotel Fire & Ice	R 10 240.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Sun Coast Hotel	R 7 085.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Big O Trading 523 cc	R 26 400.00	The service provider was only appointed on Friday 12 <sup>th</sup> /08/2011 appointed for Iketleng & Moshakga and later was instructed to supply to another venues as there was no other option because on Friday many suppliers were already booked for funeral to supply the same and was also was requested to supply another 100 extra chairs to Khetlakone & Mokwakwaila as there was no enough chairs.

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Executive & council	Garden Court Sandon	R 12 887.52	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Fairview River Lodge	R 3 400.00	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Limpopo Guess Manor	R 1 660.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance,Comm.Serv,Exe	Fairview River Lodge	R 27 100.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Mathakala trading & Projects	R 24 000.00	Only one service provider responded.
Executive & council	Mokwena Fishmonger	R 3 900.00	The meeting was planned on Friday and the only option was Mokwena Fishmonger as they are always available (they have a shop supplying food)
Executive & council	Mamokhada Trading Enterprise	R 18 000.00	Only one service provider responded.
Executive & council	Smekhenye Trading	R 18 000.00	Only one service provider responded.
Executive & council	Dimatso Trans & Gen Dealer	R 18 000.00	Only one service provider responded.
Executive & council	Lesson Trading Enterprise	R 24 000.00	Only one service provider responded.
Executive & council	Mondik Bus Enterprise	R 18 000.00	Only one service provider responded.
Executive & council	Sefopa Catering	R 2 040.00	Only one service provider responded.
Executive & council	Linden funeral service	R 4 400.00	Only one service provider responded.
EDP	Protea Hotel Parktonian	R 1 107.85	SCM policy did not require three quotations for accomodation as required by scm regulations
Community Service	Town Lodge	R 12 368.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Femane Catering	R 18 000.00	This was the only service provider that responded and is a group of women who are doing the job that is why they were recommended.
Executive & council	Mofinah Entertainment	R 6 000.00	This is the only service provider who was available during the event.
Executive & council	Cool T Trading	R 2 000.00	The only service provider that responded.
Executive & council	Mokwena Fishmonger	R 18 000.00	Only one service provider responded.
Executive & council	Mapitso	R 7 900.00	The only service provider in Sekgopo and the request came late for extra chairs.
Executive & council	Molopini classic	R 18 000.00	The only service provider that responded.
Executive & council	Ramohale Gen Dealer	R 18 000.00	The only service provider that responded.
Executive & council	Mdaweni MJ Sound Hire	R 1 400.00	The only service provider that responded.
Executive & council	DJ Janisto	R 3 000.00	The only service provider that responded.
Executive & council	Solly Malematja	R 1 500.00	The only service provider that responded.
Executive & council	Mphotumi Trading	R 18 000.00	The only service provider that responded.
Executive & council	Adams Tents, Chairs	R 22 920.00	The only service provider that responded.
Executive & council	Phacks Trading	R 18 000.00	The only service provider that responded.

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Executive & council	Morning Dew 404 Construction & Projects	R 1 400.00	The only service provider that responded.
Executive & council	Xilumani	R 1 500.00	The only service provider that responded.
Executive & council	Peter Sehlako	R 2 800.00	The only service provider that responded.
Executive & council	Valambya General Trading	R 7 500.00	The only service provider that responded.
Executive & council	Maluvatilo Trading Enterprise	R 27 000.00	The only service provider that responded.
Executive & council	Masenamela construction & Projects	R 7 850.00	The only service provider that responded.
Executive & council	Dipejo Trading Enterprise	R 8 000.00	This was the only service provider available because it was during weekend and most suppliers were already booked for funerals.
Executive & council	Motabatididi Trading Enterprise	R 2 345.00	The only service provider that responded.
Executive & council	Moshamudi Cons & Projects	R 24 000.00	The only service provider that responded.
Executive & council	Mametja Communication	R 18 000.00	The only service provider that responded.
Executive & council			
Executive & council	Ramosibudi IT & Bus System CC	R 18 000.00	The only service provider available during the event.
Executive & council	Modjadjiskloof Spar	R 842.25	One of the options for that number required.
Corps	Madijo Trading Enterprise	R 21 942.27	The only service provider that responded.
Executive & council	Mametja Communication	R 7 945.00	The only service provider that responded.
Executive & council	Cool T Trading	R 1 200.00	The only service provider responded.
		R 1 000.00	
Finance	Mokwena Fishmonger	R 1 300.00	Emergency meeting.
Executive & council	Dj Lenzo Production	R 3 000.00	The only service provider that responded.
Executive & council	Selmak Trading 23CC	R 6 500.00	The service provider was requested to supply the said also on Sunday as there were no enough time, most of the service providers were already been booked for weekend (funerals)
		R 13 700.00	
Community Service	Xilumani Sound Hire & Video	R 800.00	The only service provider that responded.
Tech.Service	Gasman	R 1 140.00	The only company dealing with quality welding material.
Executive & council	Duxmond	R 1 500.00	The only supplier of sound system available the time of request.
Executive & council	Diabeela Poultry & Maize Milling Farm	R 18 000.00	The only supplier that responded.

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Executive & council	Phosa wa Morebeng Cleaning Projects	R 27 000.00	The only supplier that responded.
Executive & council	Tshidi Mangopo & Sons Trading	R 6 500.00	The only service provider responded.
Finance	Universal Vision	R 1 556.00	Only two service providers responded.
Executive & council	Duxmond Trading	R 7 900.00	The arrangements were done late on Friday and one service provider was available for Sunday.
Executive & council	Southern Sun Waterfront	R 13 560.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Bishop Lodge Kimberley	R 15 223.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Water	D S Brake & Clutch	R 15 281.60	Only service provider.
Roads	Bathopele Private Test Station	R 480.00	Only service provider that responded.
Community Service	Adams Tents, Chairs	R 3 300.00	Only service provider that responded.
Finance	Universal Vision	R 1 556.01	The only service provider responded.
		R 19 129.95	
Finance	Universal Vision	R 6 318.80	The only service provider responded.
Finance	Forever Resort	R 38 000.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Mametja Communication	R 2 070.00	Only one quotation used due to late submission.
Corps	Modjadjiskloof Spar	R 567.84	Spar was the only service provider responded due to the number required.
Corps	Garden Court Hatfield	R 4 127.10	SCM policy did not require three quotations for accomodation as required by scm regulations
Corps	Protea Hotel Midrand	R 4 199.85	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Modjadjiskloof Spar	R 339.00	Emergency meeting.
Community Service	Hotel Express Internatio	R 140 352.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Community Service	Hotel Express Internatio	R 42 150.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Norman Luxury Tours	R 6 500.00	Only two service providers responded.
Executive & council	Mdaweni MJ	R 1 500.00	This was the only service provider available in Sekgosese area for that events.
Executive & council	Garden Court Hatfield	R 8 374.20	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Limpopo Tyres	R 3 650.01	Only two suppliers responded.
Executive & council	MBS	R 1 850.00	Only bus company operating in that area.
Executive & council	Isaac Letshokgohla	R 1 500.00	The only service provider that responded.
Executive & council	Martin Ramarumo	R 1 400.00	The only service provider that responded.



DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Tech.Service	Gasman	R 2 747.40	Only service provider of good quality welding material.
Corps	Oasis Lodge	R 2 640.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Garden Court Hatfield	R 8 374.20	SCM policy did not require three quotations for accomodation as required by scm regulations
Roads	Supa Quick	R 17 898.00	Only two suppliers responded, Limpopo are selling Galaxy Tyres which will not last for long – Supa Quick local supplier with good quality Tyres.
Roads	Supa Quick	R 17 898.00	Only two suppliers responded and Supa Quick is recommended because they are selling quality Tyres and they are based locally.
Finance	Limpopo Guest Manor	R 10 185.00	SCM policy did not require three quotations for accomodation as required by scm regulations
050404310000	Forms Media Independent	R 30 748.36	Only two service providers responded
<b>October - November 2011</b>			
Corps	Fairview River Lodge	R 850.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Tech.Service	Gasman	R 345.00	The only service provider with quality welding materials
Executive & council	Bela Bela Lodge	R 870.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Southern Sun O.R Tambo	R 5 152.35	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Muofhe Graceland	R 3 455.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Corps	GPMVR	R 1 500.00	Late submission of requisition to the procurement office
EDP	Masutanaka Trading Enterprise	R 8 850.00	Only two service providers responded
Finance,Comm.Serv,Exe	Fairview River Lodge	R 27 100.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Garden Court Southern Sun Sandton	R 3 139.17	SCM policy did not require three quotations for accomodation as required by scm regulations
	Euphoria Hydro (pty) Ltd	R 1 145.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Corps	Mmatapa Eating House	R 1 050.00	Only service provider responded.
EDP	Mohlao Textile	R 8 250.00	Only two responded
Community Service	The Shamrock lodge	R 14 360.00	SCM policy did not require three quotations for accomodation as required by scm regulations

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Community Service	Bosoma Tent Hire	R 2 500.00	The only supplier that responded
Finance	Protea Hotel Waterfront	R 45 358.00	SCM policy did not require three quotations for accomodation as required by scm regulations
corps & Executive council	Look out Lodge	R 2 440.00	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Forever Resort Warmbath	R 1 370.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Roads	Sonco Vehicles	R 5 465.16	The only service provider responded.
Community Service	Mpho T.D	R 4 500.00	The only service provider responded.
CORPS	Garden Court Southern Sun Sandton	R 4 493.15	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Tzaneen Country Lodge	R 2 640.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Lenny's Tarven	R 950.00	The only supplier that responded.
Executive & council	Mohale P.M	R 400.00	The only service provider responded.
EDP	Masana Lodge	R 3 850.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Tshedza Guest Lodge	R 780.00	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Protea Hotel Samrand	R 3 895.30	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Southern Sun Bloemfontein	R 8 583.30	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Kremetart Guest House	R 410.00	SCM policy did not require three quotations for accomodation as required by scm regulations
CORPS	Loskop Valley Lodge	R 550.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Protea Hotel Hatfield	R 48 128.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Forever Resort Warmbath	R 2 600.00	SCM policy did not require three quotations for accomodation as required by scm regulations
EDP	Protea Hotel Samrand	R 2 399.25	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Town Lodge	R 6 645.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Community Service	Tshedza Guest House	R 1 860.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Duxmod Trading Enterprise	R 1 800.00	The only service provider that responded

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Executive & council	Golden Horse Casino	R 2 685.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Golden Horse Casino	R 2 685.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Forever Resort Warmbaths	R 2 600.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Mmashapula Trading & Project	R 1 100.00	Only two suppliers responded
Executive & council	Garden Court OR Tambo International	R 2 075.88	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance,EDP,Comm.Serv	Fairview River Lodge	R 33 875.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Silver Palm Lodge	R 4 644.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Universal Vision	R 15 805.54	The only service provider that responded
EDP	Sebesebe Lodge	R 750.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Finance	Protea Hotel Samrand	R 32 030.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Cool T Trading	R 1 300.00	The only service provider that responded
Community Service	Centurion Lake Hotel	R 12 549.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Protea Hotel Hatfield	R 6 619.20	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Hotel @ Tzaneen	R 1 538.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Cosy Lodge	R 2 565.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Sebesebe Lodge	R 3 750.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Roads	V D merve engineering	R 4 700.00	Only two service providers responded
<b>December 2011 - January 2012</b>			
CORPS	Nbezi Trading Enterprise	R 1 950.00	The only service provider responded due to short notice. The requisition was brought to finance on Friday after lunch
050404310000	Big Sky Country Trading	R 8 534.96	only two suppliers responded
		R 2 020.08	
	Waltons	R 21 251.07	Only two suppliers responded
Tech.Service	Gasman	R 21 299.90	Gasman is the only company servicing fire extinguisher and the professional with these service.
Water	H & I maintenance	R 5 130.00	The only service provider responded.

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Roads	Polokwane Equipment	R 26 677.55	Only Mitsubishi dealer
Finance	Limpopo Quest Manor	R 2 640.00	only service provider responded
Executive & council	Kloof Café	R 2 350.50	Newspaper
Roads	MBH Brake & Clutch	R 5 921.64	Only two services provider responded to our request
Executive & council	Blyde Canon lodge	R 4 000.00	Only one service provider responded
Licencing & testing	Sonco Vehicles	R 1 014.60	The only service provider responded
Tech.Service & Executive	Arbortpark	R 4 500.00	The only service provider responded
Executive & council	MashelengSound hire	R 1 700.00	The only service provider responded to our request
Executive & council	Sempe Trading	R 8 190.00	Only two suppliers responded to our request
Executive & council	Mokwena Fishmonger	R 930.00	Only service provider responded
EDP	The Shamrock	R 1 236.00	SCM policy did not require three quotations for accomodation as required by scm regulations
Executive & council	Bosoma tents	R 2 000.00	Only two suppliers responded to our request
Executive & council	Adams, Tents Hire business Enterprices	R 3 900.00	This is only service provider responded to our request
Community Service,EDP,	Karibu Leisure Resort	R 249 360.00	the only service provider responded
Executive & council	Spar Modjadjiskloof	R 15 622.02	Only one service provider responded
Executive & council	Masalanabo Trading Enterprise	R 1 800.00	Only one service provider responded
Executive & council	Nwa Zondi trading Enterprise	R 3 850.00	Only one service provider responded
Executive & council	MBS	R 5 500.00	Only two service provider responded
Executive & council	Marteson supply & Construction	R 1 300.00	Only two service providers responded to our request
Tech.services	Build IT	R 3 836.70	Only services provider responded
Executive & council	The Big O Trading	R 2 595.00	Only one service provider responded.
030820990000	Briggs and Stratton	R 16 530.00	The lower quote is for company based in Pretoria, so we recommended the one in Tzn with an amount higher than by 200. The PTA amount did not deliver the charge.
Executive & council	Makhepele Trading Enterprise	R 800.00	Only two service providers responded to our request
Tech.services	P &L hardware	R 139.98	Only two suppliers responded
Executive & council	Cool T Trading	R 1 200.00	Only one supplier responded to our request
Executive & council	Mokwena Fishmonger	R 6 500.00	Only one supplier responded to our request
Executive & council	Mmanyana Aggy	R 6 500.00	Only one supplier responded to our request
Executive & council	Cool T Trading	R 1 500.00	Only two service providers responded
Executive & council	Flight specialist	R 13 384.00	Only two service providers responded to our request.
		R 9 499.00	

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Executive & council	Botshatshe Catering and decor	R 3 825.00	Only two service providers responded
Communtiy services	Adams Tent hire business enterprise	R 1 650.00	Only one service provider responded.
Community services	Makmod Trading enterprise.	R 2 500.00	Only two service providers responded to our request.
Executive & council	Mayo Funeral	R 14 050.00	Only two service providers responded to our request.
<b>February - March 2012</b>			
03082100000	Waltons	R 1 755.58	Only two suppliers responded to our request
0308210000	Ssens Enterprise	R 2 628.00	Only two suppliers responded.
Executive & council	GPMVR	R 4 480.00	Only two service providers responded due to short notice / matter of urgency
EDP	Forever Resort Blyde Canon	R 4 225.00	Only one quote as the meeting is at this venue
Community services	Waterboys	R 4 828.22	Only two suppliers responded
Tech.services	Hydespray	R 8 612.00	Only two suppliers responded
Executive & council	Adams tent hire	R 4 355.00	Only two service providers responded
Executive & council	Bombeleni Trading Enterprise	R 1 350.00	Only two suppliers responded
Executive & council	Lenhla Tourism	R18 633.00	Only two quotes were obtained
Executive & council	Marteson Supply and Construction	R 1 300.00	Only two service providers responded due to short notice.
	Hans Merensky	R 30 315.00	Other lodges were fully booked.
EDP	Forever Resort Tshipisi	R 5 190.00	The session to be held at the same venue.
Community services, Fina	Hotel @ Tzaneen	R24 600.00	Two service providers responded others were fully booked.
Corps	Mokwena Fishmonger	R 1 650.00	One service provider responded, difficult to get three quotations for (15) people.
EDP	Arbor Park Lodge	R 900.00	Late submission of requisition to finance
Executive & council	Sefapane Lodge and Safaris	R 5 020.00	One quote- others were fully booked.
Executive & council	Sefapane Lodge and Safaris	R 2 100.00	One quote- others were fully booked.
Executive & council	Hotel @ Tzaneen	R 4 194.00	Only two service providers responded.
EDP & Tech.Service	Fairview Hotel	R 10 200.00	Only two service providers responded - Arbor Park fully booked.
Finance	Polokwane Royal Hotel	R 3 320.00	Only two quotation acquired and Royal Hotel is the venue the session is going to be held.
Executive & council	Cool T Trading	R 1 200.00	Two quotes, other service providers did not respond
	Mmfophe Graceland Lodge	R 2 824.00	Two quote - Mmfophe was recommended because of walking distance.
Executive & council	Koppia Transport	R 6 415.00	Only one service provider responded.

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Executive & council	Motlalogane Trading Enterprise	R 1 485.00	Only two service providers responded, it was difficult to get quotes for 15 people
Executive & council	Bolivia Lodge	R 6 400.00	The session was going to be held st the same venue.
Finance & Tech services	Klein Kariba Holiday Resort	R 4 469.00	The conference to held at the same venue.
Community Services	Metcourt	R 7 105.00	Walking distance. No other place next to Maneno Traffic College.
Executive & council	Cool T Trading	R 1 200.00	Only service provider residing in Kgapane - urgent
<b>April - June 2012</b>			
Roads	Sonco Vehicle	R 3 536.28	The only service provider responded
Executive & council	Protea Hotel the park	R 3 133.50	Only one serviceprovider responded
Tech.services	Magic builders Centre	R 1 140.30	Only two suppliers responded to our request
Executive & council	Koppia Transport	R 1 370.00	Only two service providers responded
Tech.services	Gasman	R 310.99	Only supplier responded.
Tech.services	CTM	R 2 727.70	The only supplier responded.
Roads	H & I Maintenance	R 5 677.20	This is the only engineering company responded
050404310000	Waltons	R 7 207.78	Waltons is the only supplier which had the cartridge in stock and it was needed urgently for the statement to be printed.
Community services	Metcourt Khoroni	R12 108.00	the only service provider responded
Executive & council	Forever Resourt Loskopdam	R20 880.00	Only one service provider responded
Executive & council	Masheleng Sound System	R 1 300.00	The only service provider responded.
Executive & council	Adams Tent Hire	R 2 970	The only service provider responded to our respond.
050404310000	Waltons	R11 172.00	Only two service providers responded - cartridge were needed as a matter of urgency .
Executive & council	MBS	R 3 740.00	Only two services provider responded.
Executive & council	MBS	R 2 000.00	this is the only service provider responded.
Executive & council	Adams Tent Hire	R 6 070.00	The only service provider responded.
Executive & council	Mohlao Textile end Décor	R 1 425.00	Only two service providers responded to our request.
Roads	Supa Quick	R 25 992.00	Only two suppliers responded, Motolek does not sell 689 batteries.
Water	Swaarvoertuie	R 809.29	Only service provider responded to our request.
Tech.services	Tzaneen Cash and Carry	R 2 687.00	Only two suppliers responded
Sewage	MBH	R 8 243.73	Only service provider reponded
Sewage	H & I Maintenance	R17 909.4	only two service provider responded
Executive & council	Norman Luxury Tours	R 3 200.00	the only bus company respoded.
Executive & council	Norman Luxury Tours	R 7 700.00	The only bus company responded.

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Executive & council	Solly Malematja	R 1 300.00	the only service provider responded
Water	MBH	R 7 800.10	Only two service providers responded.
Executive & council	Mkhatlwa Projects	R 3 900.00	The only service provider responded.
Executive & council	Cool T Trading	R 1 300.00	Only two service providers responded.
Refuse & Community Ser	Dvk Privaat Toets stasie	R 1 560.00	Only service provider locally.
Executive & council	Bosoma Tent Hire CC	R 3 880.00	Only service provider in Mokwakwaila area.
050404310000	Big Sky Country Trading	R 3 106.50	Only two suppliers responded.
CORPS	Mohlao Textile	R 3 125.00	only one service provider responded to our request.
050404310000	Forms Media Independent	R20 989.68	Only two supplier responded, there was a need for papers for the IDP & Budget documents urgently.
	Big Sky Country Trading	R 4 480.20	Only two suppliers responded .
Executive & council	Norman Luxury Tours	R 1 100.00	The only bus company responded to our request .
	Sekhula Production	R 1 000.00	The only service provider responded.
Executive & council	Tzaneen Cash & Carry	R 3 405.60	Only two suppliers responded.
Tech.services	Limpopo Guest Manor	R 660.00	Only two suppliers responded.
050404310000	Waltons	R 1 900.98	The cartridges were needed urgently for printing deductions for Month end and Waltons is the only supplier who can assist us and have stock available.
Executive & council	MBS	R 2 790.00	Only one bus company responded.
Executive & council	MBS	R 6 900.00	Only one bus company responded.
Executive & council	MBS	R13 600.00	Only one bus company responded.
Executive & council	MBS	R 6 850.00	Only one bus company responded.
Executive & council	MBS	R 2 000.00	The only service provider letter attached.
030821250000	Vision on line	R59 973.10	Only two service providers responded
Community services	Modjadjiskloof Spar	R 2 246.66	Emergency – disaster at Mokgoba
Executive & council	Mohlaletso catering & Projects	R 1 200.00	Only two service providers responded.
Refuse	Supa Quick	R 3 534.00	Only one supplier responded - Batteries Motolek – they don't sell 683 batteries
Executive & council & Te	Hotel @ Tzaneen	R 3 744.00	only one service provider responded
EDP	Fairview Hotel	R 4 900.00	There was misunderstanding between the GLM and Fairview Hotel with regarding to quotation, Fairview quoted on conference and when the delegates arrived it was realised that there was a need for a projector.
Executive & Council	Fairview Hotel	R 2 780.00	Only two service providers, Highgroves fully booked.
Executive & Council	Masampoko Trading	R 1 600.00	the only service provider responded to our respond
Tech.services	Big Sky Country Trading	R 5 510.67	only two suppliers responded .

DEPARTMENT	SUPPLIER	AMOUNT(EXCL.VAT)	REASON FOR DEVIATION
Corps	Seriti Sa Basotho Trading & Projects84	R 9 975.00	Only two service providers responded to our request.
Roads	Sonco Vehicle	R 2 508.00	Only service provider responded to our request.
Community Services	Built It	R 3 704.50	Only two supplier responded to our request
0504043100000	KM Bolts Engineering	R 434.91	The only supplier responded.
	First Car Rental	R 3 495.00	Three quotations not obtained.
	Southern Sun Bloemfontein	R 1 754.80	Three quotations not obtained.
	Forever Resourt Warmbaths	R 1 076.00	Three quotations not obtained.
Tech.services	Star Spares	R 94.85	Only two suppliers responded.
		<b>R 2 507 635.98</b>	

TENDER NUMBER	DESCRIPTION	AMOUNT PAID	REASON
GLM017/2012	Rehabilitation of Modjadjiskloof Streets	R 1 768 100.26	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLM010/2012	Renovation of Modjadjiskloof information centre	R 393 953.60	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLM009/2012	Kgapane stormwater channels	R 320 170.00	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLM009/2012	Kgapane sidewalks	R 220 003.20	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLM039/2011	Sekgopo sports complex	R 1 999 999.99	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29, and the tender was evaluated on functionality
GLM030/2012	Rehabilitation of Modjadjiskloof Streets Phase II	R 5 404 844.36	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLM027/2011	Maphalle Taxi Rank	R 1 298 836.39	Evaluated on functionality while the tender was not advertised on same. The bid was evaluated without considering the bid price
GLM020/2011	Senwamokgope Street Paving Phase III	R 4 885 568.13	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLM029/2011	Sekgopo Taxi Rank	R 976 862.85	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLM023/2011	Renovation of Kgapane Sub-Office	R 683 506.37	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLM005/2010	Lebaka Sports Complex	R 2 002 630.53	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
GLMPN015/2011	Construction of 200m2 Shelter	R 49 932.00	The bid was incorrectly evaluated by using predetermined cost estimates as a threshold, not according to MFMA Circular 29
		<b>R 20 004 407.68</b>	

**GRAND TOTAL**

**R 22 512 043.66**