

Chapter Four

ANNUAL FINANCIAL STATEMENTS

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FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

Statement of the Municipal Manager on Financial Statements

As the Municipal Manager I am responsible for guiding the preparation, integrity and fair presentation of the annual financial statements of Breede River Wineland's Municipality. The annual financial statements have been independently audited by the Auditor General who was given unrestricted access to all financial records and related data, including minutes of meetings relevant to the auditing of financial statements.

The annual financial statements for the year ended 30 June 2009 have been prepared in accordance with Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003). They are based on (GRAP), General Recognised Accounting Practice accounting standards which have been consistently applied, and which are supported by reasonable and prudent judgements and estimates. I have no reason to believe that the Municipality will not be a going concern in the foreseeable future based on forecasts and available cash resources.

I have implemented stringent internal controls, which are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the Municipality by management and employees. Processes are in place to monitor internal controls, to identify material breakdowns and implement timely corrective action.

Mr SA Mokweni
Municipal Manager



BREEDERIVERWINELANDSMUNICIPALITY

Other information

Nature of Business

Breede River Winelands Municipality is a local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996).

Country of Origin and Legal Form

South African local municipality as defined by the Municipal Structures Act (Act no 117 of 1998)

Councillors

Executive Mayor	S J Ngonyama
Deputy Mayor	C J Grootboom
Speaker	M W H du Preez
Member of Mayco	E J Vollenhoven
Member of Mayco	O C Simpson
Councillor	J Adams
Councillor	J D Burger
Councillor	M Carelse-Snyman
Alderman	R de Jong
Councillor	L H de Koker
Councillor	G R Fielies
Councillor	P W Horne
Councillor	M P Janse (from 12 May 2009)
Councillor	A N Mhlambeni
Councillor	N E Mpokotye (from 10 December 2008)
Councillor	W S Nyamana
Councillor	J Thomson
Councillor	T M van der Merwe
Councillor	S W van Eeden
Councillor	F F van Wyk
Councillor	S M Jansen (from 6 August 2008 till 12 May 2009)
Councillor	K I Klaas (till 27 October 2008)
Councillor	J J van Rooyen (till 6 August 2008)

Directors

Municipal Manager	S A Mokweni
Chief Financial Officer	C F Hoffmann
Director: Infrastructure Development	J de K Jooste
Director: Community Services	M J Mhlom
Director: Corporate Services	A W J Everson

Principal Bankers

ABSA
P O Box 4453
Tyger Valley
7536

Auditors

Auditor-General of South Africa
Private Bag X1
Chempet
7442

Attorneys

Muller Baard du Toit	Van Zyl & Hofmeyr
P O Box 41	P O Box 8
Robertson	Montagu
6705	6720
Van Niekerk & Linde	
P O Box 49	
Bonnievale	
6730	

Registered Office

28 Main Road
Ashton
6715

Relevant Legislation

The Constitution of the Republic of south Africa (Act 108 of 1996)	Municipal Property Rates Act (Act no 6 of 2004)
Municipal Finance Management Act (Act no 56 of 2003)	Electricity Act (Act no 41 of 1987)
Division of Revenue Act	Skills Development Levies Act (Act no 9 of 1999)
The Income Tax Act	Employment Equity Act (Act no 55 of 1998)
Value Added Tax Act	Unemployment Insurance Act (Act no 30 of 1966)
Municipal Structures Act (Act no 117 of 1998)	Basic Conditions of Employment Act (Act no 75 of 1997)
Municipal Systems Act (Act no 32 of 2000)	Supply Chain Management Regulations, 2005
Municipal Planning and Performance Management Regulations	Collective Agreements
Water Services Act (Act no 108 of 1997)	Infrastructure Grants
Housing Act (Act no 107 of 1997)	SALBC Leave Regulations

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STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		373 829 967	358 045 649
Housing Development Fund	2	-	3 051 267
Capital replacement reserve	3	32 992 064	29 451 578
Capitalisation reserve	3	31 522 164	34 565 829
Government grant reserve	3	83 574 741	74 850 080
Accumulated Surplus/(Deficit)	4	225 740 998	216 126 896
Non-current liabilities		75 602 790	58 121 034
Long-term liabilities	5	45 831 978	29 885 136
Non-current provisions	6	3 342 318	3 600 540
Employee Benefits	7	26 428 494	24 635 358
Current liabilities		51 727 263	33 685 555
Employee Benefits	7	9 217 911	8 137 310
Consumer deposits	8	4 598 639	4 336 523
Provisions	9	1 050 816	-
Trade payables	10	27 273 107	12 662 512
Unspent conditional grants and receipts	11	5 089 927	6 643 949
Taxes	12	2 747 293	268 034
Short-term loans	13	-	-
Cash and cash equivalents	24	-	-
Current portion of long-term liabilities	5	1 749 570	1 637 228
Total Net Assets and Liabilities		501 160 020	449 852 238
ASSETS			
Non-current assets		377 263 165	357 680 422
Property, plant and equipment	14	357 001 791	336 410 119
Non-current assets held for sale	15	-	-
Investment property	16	17 977 979	17 868 479
Intangible Assets	17	1 112 750	503 320
Investments	19	4 685	4 482
Long-term receivables	20	1 165 960	2 894 023
Current assets		123 896 856	92 171 816
Inventory	21	8 634 622	9 081 197
Trade receivables from exchange transactions	22	12 600 103	8 994 595
Other receivables - Non exchange transactions	23	2 510 927	2 243 268
Unpaid conditional grants and receipts	11	1 505 566	963 236
Current portion of long-term debtors	20	2 542 374	2 220 209
Cash and cash equivalents	24	96 103 264	68 669 312
Total Assets		501 160 020	449 852 238

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Property rates	25	20 323 699	20 322 854
Property rates - penalties imposed and collection charges		230 923	254 894
Service charges	26	165 229 142	138 457 749
Rental of facilities and equipment		1 077 335	864 674
Interest earned - external investments		10 789 908	8 746 970
Interest earned - outstanding debtors		1 385 766	504 389
Dividends received		-	-
Fines		3 125 430	3 495 123
Licences and permits		1 120 388	1 149 223
Income for agency services		1 911 063	1 902 244
Government grants and subsidies	27	50 202 239	31 687 684
Other income	28	11 589 830	5 164 823
Property, plant and equipment adjustments	14		-
Changes in fair values		1 346 799	-
Gains on disposal of property, plant and equipment		-	-
Total Revenue		268 332 523	212 550 627
EXPENDITURE			
Employee related costs	29	78 176 721	66 487 702
Remuneration of Councillors	30	4 730 734	4 216 902
Bad debts		6 414 120	6 104 253
Collection costs		714 633	547 956
Depreciation	14, 16	20 592 351	18 015 939
Amortisation - Intangible Assets	17	194 823	94 795
Repairs and maintenance		10 616 905	8 427 801
Interest paid	31	8 881 080	6 116 969
Bulk purchases	32	71 344 891	50 982 806
Contracted services		2 757 519	1 044 855
Grants and subsidies paid	33	9 748 267	7 238 310
Operating Grant Expenditure	App "F"	969 446	791 360
General expenses	35	32 515 543	26 377 715
Changes in Fair Value (Loss)			2 455 549
Loss on disposal of property, plant and equipment		4 891 171	3 348 546
Total Expenditure		252 548 205	202 251 457
SURPLUS/(DEFICIT) FOR THE YEAR		15 784 318	10 299 169
 Share of surplus/(deficit) of associate accounted for under the equity method	 36	 -	 -
NET SURPLUS/(DEFICIT) FOR THE YEAR		15 784 318	10 299 169

Refer to Appendix E(1) for explanation of variances

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Housing Development Fund R	Capital Replacement Reserve R	Capitalisation Reserve R	Government Grant Reserve R	Accumulated Surplus/ (Deficit) R	Total R
2008						
Balance at 30 June 2007	5 450 691	29 706 274	38 529 696	69 020 860	198 877 931	341 585 452
Implementation of IAS 19 Note 7	-				(21 241 996)	(21 241 996)
Correction of Asset Register Note 14	-				27 403 023	27 403 023
			(589 983)	2 229 830	(1 639 847)	-
Restated balance	5 450 691	29 706 274	37 939 713	71 250 690	203 399 111	347 746 479
Restated surplus/(deficit) for the year	-	-	-	-	10 299 169	10 299 169
Transfer to/from CRR	-	21 196 326	-	-	(21 196 326)	-
Property, plant and equipment purchased	-	(21 451 022)	-	-	21 451 022	-
Capital grants used to purchase PPE	-	-	-	7 844 985	(7 844 985)	-
Capital grants used to purchase Intangible Assets	-	-	-	-	-	-
Transfer to Housing Development Fund	(2 399 424)	-	-	-	2 399 424	-
Change in funding sources	-	-	-	(8 426)	8 426	-
Offsetting of depreciation	-	-	(3 373 885)	(4 229 325)	7 603 210	-
Offsetting of depreciation - Intangible Assets	-	-	-	(7 843)	7 843	-
Balance at 30 June 2008	3 051 267	29 451 578	34 565 829	74 850 080	216 126 896	358 045 649
2009						
Balance at 30 June 2008	3 051 267	29 451 578	34 565 829	74 850 080	216 126 896	358 045 649
Net surplus/(deficit) for the year	-	-	-	-	15 784 318	15 784 318
Transfer to/from CRR	-	25 000 000			(25 000 000)	-
Property, plant and equipment purchased	-	(21 459 514)			21 459 514	-
Capital grants used to purchase PPE	-			13 506 765	(13 506 765)	-
Capital grants used to purchase Intangible Assets	-			38 340	(38 340)	-
Transfer to Housing Development Fund	(3 051 267)				3 051 267	-
Asset disposals	-		(210)	(4 684)	4 893	-
Offsetting of depreciation	-		(3 043 455)	(4 807 301)	7 850 756	-
Offsetting of depreciation - Intangible Assets	-			(8 459)	8 459	-
Balance at 30 June 2009	0,00	32 992 064	31 522 164	83 574 741	225 740 998	373 829 967

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		258 480 114	199 473 021
Cash paid to suppliers and employees		(203 569 587)	(168 503 281)
Cash generated from/(utilised in) operations	39	54 910 526	30 969 740
Interest received		10 789 908	8 746 970
Interest paid		(8 881 080)	(6 116 969)
Correction of error - Note 34			254 696
NET CASH FROM OPERATING ACTIVITIES		56 819 354	33 854 437
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(46 217 527)	(38 400 101)
Transfer to Investment Properties			
Proceeds on disposal of fixed assets		21 383	1 601 743
Purchase of in Intangible Assets		(804 253)	(164 078)
Purchase of Investment Properties		(112 000)	
(Increase)/decrease in biological assets			
(Increase)/decrease in long-term receivables		1 405 898	(1 140 807)
(Increase)/decrease in non-current investments		(203)	1 426
NET CASH FROM INVESTING ACTIVITIES		(45 706 703)	(38 101 816)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		16 059 184	(1 661 788)
Increase in consumer deposits		262 117	357 735
NET CASH FROM FINANCING ACTIVITIES		16 321 301	(1 304 053)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27 433 952	(5 551 432)
Cash and cash equivalents at the beginning of the year	40	68 669 312	74 220 744
Cash and cash equivalents at the end of the year	40	96 103 264	68 669 312
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27 433 952	(5 551 432)

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ACCOUNTING POLICY – 30 JUNE 2009

1. Summary of significant accounting policies for the year ended 30 June 2009

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1. STATEMENT OF COMPLIANCE

The financial statements comply with General Recognised Accounting Standards (GRAP) adopted by the Accounting Standards Board (ASB).

1.1. Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance. The Municipality adopted the following new standards in the current year, as approved by the Minister of Finance on 9 May 2008 per Government Gazette 31021:

GRAP 4	Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue
GRAP 10	Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current assets held for sale and discontinued operations
GRAP 101	Agriculture
GRAP 102	Intangible assets

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

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 41.

2.1 GRAP 16 – Investment Property

Investment property is defined as property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost and is depreciated on a straight-line basis over its useful life.

The application of the standard resulted in a reclassification of amounts previously recognised as property, plant and equipment. Similarly rental revenue from investment property is also reflected separately from equipment rental.

2.2 GRAP 17 – Property, plant and equipment

GRAP 17 clarifies that an entity should consider an item of property, plant and equipment as a combination of various components with separate useful lives or consumption patterns. These separate components are used to calculate depreciation, test for derecognition and for the treatment of expenditure to replace or renew a component of that item of property, plant and equipment. It further confirms that the cost of an item of property, plant and equipment should include not only the initial estimate of the costs relating to dismantlement, removal or restoration of the property at the time of installing the item, but also during the period of use for purposes other than producing inventory. The residual value, useful life and depreciation method of an asset must be reviewed annually. Residual value should not include expected future inflation. There is no cessation of depreciation when assets are idle.

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ACCOUNTING POLICY – 30 JUNE 2009

The application of the new standard had a limited impact on the results of the current year as the components approach in respect of infrastructure assets will only be applied in future years as allowed per the transitional provisions specified in Directive 4.

2.3 Standards not yet effective

The following Standards have been issued, but are not yet effective:

GRAP No	Description	Effective date	Anticipated impact on financial statements
18	Segment Reporting	Unknown	Disclosure only
21	Impairment of non-cash generating assets	Unknown	No material impact. Requirements of GRAP 21 are similar to the requirements of IAS 36 (Impairment of assets) and IPSA 21 (Impairment of non-cash generating assets), applied by the municipality during the 2008/09 financial year.
23	Revenue from non-exchange transactions	Unknown	Disclosure only
24	Presentation of Budget Information in Financial Statements	Unknown	Disclosure only
26	Impairment of cash generating assets	Unknown	No impact. Requirements of GRAP 26 are similar to the requirements of IAS 36 (Impairment of assets) applied by the municipality during the 2008/09 financial year.

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

1.2. Presentation currency

These annual financial statements are presented in South African Rand.

1.3. Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4. Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

1.5. Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.6. Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, inter alia, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- 1.6.1. The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- 1.6.2. Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- 1.6.3. Interest earned on the investments backing up this fund is recorded as part of interest earned in the Statement of Financial Performance and is then transferred via the Statement of Changes in Net Assets to the Housing Development Fund.
- 1.6.4. Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

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ACCOUNTING POLICY – 30 JUNE 2009

1.7. Reserves

1.7.1. Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- 1.7.1.1. The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- 1.7.1.2. Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR.
- 1.7.1.3. The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- 1.7.1.4. The proceeds from the disposal of property, plant and equipment must be transferred to the CRR.
- 1.7.1.5. The CRR is reduced and the accumulated surplus/ (deficit) credited with corresponding amounts when the funds are utilised.
- 1.7.1.6. The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- 1.7.1.7. The Council determines the annual contribution to the CRR.

1.7.2. Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/ (deficit). When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.3. Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/ (deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.4. Public Contributions and Donations Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

1.7.5. Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are revalued every four years. The revaluation surplus is realised as revalued 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 current values, are credited or charged to the Statement of Financial Performance.

1.8. Leases

1.8.1. Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

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ACCOUNTING POLICY – 30 JUNE 2009

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

1.8.2. *Lessor Accounting*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.9. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.10. **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.11. **Provisions**

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.12. **Employee Benefits**

1.12.1. *Pension obligations*

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.12.2. *Post Retirement Medical obligations*

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

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

1.12.3. *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised.

Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries are charged against the Statement of Financial Performance as employee benefits upon valuation.

1.13. *Financial Instruments*

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

Financial Assets

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- + Unlisted Investments
- + Investment in Fixed Deposits
- + Long-term Receivables
- + Consumer Debtors
- + Other Debtors
- + Short term Investment Deposits
- + Bank Balances and Cash
- + Operating lease assets

The Financial Assets of the municipality are presently classified as follows into three categories:

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments	Held at fair value through profit or loss
Investments in Fixed Deposits	Held to maturity
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Short-term Investment Deposits	Held to maturity
Bank Balances and Cash	Held to maturity

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- + Long-term Liabilities
- + Provisions
- + Creditors
- + Bank Overdraft
- + Current Portion of Long-term Liabilities
- + Consumer Deposits
- + VAT
- + Operating lease liabilities

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There are two main categories of Financial Liabilities, based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ("other financial liabilities").

Trade Payables

Trade payables and other receivables are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method

Accrued Leave Pay

Liability for annual leave is recognised as it accrues to employees. Provision is based on the total accrued leave days at year-end.

Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

Measurement

Financial Assets:

Held-to-maturity investments and loans and receivables are initially measured at fair value, and subsequently measured at amortised cost. Financial assets are measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial Liabilities:

Financial liabilities are measured at amortised cost using the effective interest rate method where applicable.

The requirement that financial assets and liabilities (previously instruments) should initially be measured at fair value has been exempted in terms of General notice 552 of 2007.

Impairment of Financial Assets:

Annually an assessment is made as to whether there is any impairment of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made by assessing the recoverability of consumer debtors collectively after grouping the debtors in financial asset groups with similar credit risk characteristics.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.14. Value Added Tax

The Council accounts for Value Added Tax on the cash basis.

1.15. Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every four years when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use. All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/ (Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

The Municipality has elected to make use of the following transitional provision of Directive 4 relating to GRAP 17 on property, plant and equipment:

- Application of the components approach in respect of infrastructure assets
- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.

1.16. Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

The Municipality has elected to make use of the following transitional provision of Directive 4 relating to GRAP 16 on investment property:

- The entire standard to the extent that the property is accounted for in terms of GRAP 17.
- Disclosure of the fair value of investment property if the cost model is applied.

1.17. Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Municipality has elected not to make use of the transitional provision of Directive 4 relating to GRAP 102 on intangible assets as the municipality is in full compliance with the requirements of this Standard.

1.18. Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

1.19. Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO) cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

The Municipality has elected to make use of the following transitional provision of Directive 4 relating to GRAP 12 on inventories:

- * The entire standard to the extent that it relates to water stock that was not purchased by the municipality.

1.20. Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

1.21. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.22. Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity and water prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

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

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

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

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

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

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

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.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from public contributions 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 is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

1.22.1. *Revenue from non-exchange transactions*

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 proportion basis.

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

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

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

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.

1.22.2. *Conditional Grants and Receipts*

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

1.23. **Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24. **Unauthorised Expenditure**

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

1.25. **Irregular Expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. **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.

1.27. **Rounding**

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

1.28. **Other Exemptions Taken not Elsewhere Disclosed in This Policy**

The Municipality has elected to make use of the following additional transitional provision of Directive 4:

- Classification, measurement and disclosure of non-current assets held for sale.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2 008 R
2 HOUSING DEVELOPMENT FUND		
Housing Development Fund	-	3 051 267
Unappropriated Surplus	-	3 051 267
The above balances are represented by cash and is invested together with the other investments of the municipality (See Notes 19 and 24)		
3 NETT ASSET RESERVES		
Reserves	148 088 969	138 867 486
Capital Replacement Reserve	32 992 064	29 451 578
Capitalisation Reserve	31 522 164	34 565 829
Government Grant Reserve	83 574 741	74 850 080
Sub-total	148 088 969	138 867 486
Total Nett Asset Reserve Assets and Liabilities	148 088 969	138 867 486
4 ACCUMULATED SURPLUS/(DEFICIT) 30 June 2008		
Accumulated Surplus/(Deficit)		
Balance Previously Reported		213 844 999
Implementation of IAS 19 Employee Benefits		(25 779 907)
Correction of Asset Register Note 14		28 716 074
Correction of Asset Register Note 14 Transferred to Capitalisation Reserve		589 983
Correction of Asset Register Note 16		(2 229 830)
Correction of VAT Provision Note 12		985 577
Balance now Reported		216 126 896
5 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	47 092 732	31 434 789
Capitalised Lease Liability - At amortised cost	488 816	87 575
Sub-total	47 581 548	31 522 364
Less : Current portion transferred to current liabilities	(1 749 570)	(1 637 228)
Financial Lease	(178 631)	(31 816)
Annuity Loans	(1 570 939)	(1 605 413)
Total External Loans - At amortised cost	45 831 978	29 885 136

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3 (2) b of the above-mentioned notice

* Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105)]

The obligations under finance leases are scheduled below:

	Minimum lease payments
Amounts payable under finance leases:	
Payable within one year	178 631
Payable within two to five years	200 710
	379 341
Less: Future finance obligations	5 274
Present value of lease obligations	374 067
Less: Amounts due for settlement within 12 months	(178 631)
Amount due for settlement after 12 months	195 436

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.

Leases are secured by property, plant and equipment. - Note 14

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2 008 R
5 LONG-TERM LIABILITIES (continued)		
A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:		
1) Extension - Municipal Offices	288 000	288 000
2) Vehicle Testing Station	298 000	298 000
3) Paving	157 000	157 000
4) Electrification - Industrial Area	40 000	40 000
	783 000	783 000
The outstanding amounts on the above loans are.	513 093	534 549
Debtors to the value of R 2 500 000 is ceded to the Development Bank of South Africa as security for the following loans: (Loan WC 13452)		
1) Bulk Water Supply	2 301 237	2 301 237
2) Moveable Assets	150 000	150 000
3) Infrastructure Development	3 065 550	3 065 550
	5 516 787	5 516 787
The outstanding amounts on the above loans are.	2 891 449	3 161 346
Debtors to the value of R 650 000 is ceded to the Development Bank of South Africa as security for the following loans: (Loan WC 13586)		
1) Moveable Assets	390 000	390 000
2) Infrastructure Development	1 080 000	1 080 000
	1 470 000	1 470 000
The outstanding amounts on the above loans are.	534 860	581 369
6 NON-CURRENT PROVISIONS		
6.1 Non-current provision liabilities		
Rehabilitation of Landfill-sites	3 342 318	3 600 540
Total	3 342 318	3 600 540
	Landfill-Site	Landfill-Site
Balance 1 July 2008	3 600 540	3 600 540
Contribution for the year	44 829	
	3 645 369	3 600 540
Less: Transfer of current portion to current provisions - Note 9	(303 051)	
Balance 30 June 2009	3 342 318	3 600 540
Provision for the rehabilitation of landfill-sites		
Balance 1 July 2008	3 600 540	3 600 540
Charged / (credited) to the income statement:	44 829	-
- Additional provisions	-	-
- Contribution to provision - Change in Accounting Policy	168 278	
Reversal of provision overstated	(123 449)	
Transfer to current portion	(303 051)	-
Balance 30 June 2009	3 645 369	3 600 540

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2 008 R
7 EMPLOYEE BENEFITS		
Accumulated leave	5 503 602	4 705 086
Performance Bonus	338 849	336 350
Annual Bonus	2 266 609	1 951 325
Long Service Awards	3 633 984	3 443 004
Post Retirement Medical	23 903 360	22 336 903
	<u>35 646 405</u>	<u>32 772 668</u>
Less: Transfer of current portion to current provisions	5 503 602	4 705 086
Performance Bonus	338 849	336 350
Annual Bonus	2 266 609	1 951 325
Long Service Awards	271 478	377 017
Post Retirement Medical	837 372	767 532
Current Portion	<u>9 217 911</u>	<u>8 137 310</u>
Non Current Portion	<u>26 428 494</u>	<u>24 635 358</u>

	Balance at beginning of year	Charged against Statement of Financial Performance	Payments made	Balance at end of year
30 June 2009				
Accumulated leave	4 705 086	1 344 672	(546 156)	5 503 602
Performance Bonus	336 350	362 955	(360 456)	338 849
Annual Bonus	1 951 325	4 000 687	(3 685 403)	2 266 609
Long Service Awards	3 443 004	567 997	(377 017)	3 633 984
Post Retirement Medical	22 336 903	2 333 989	(767 532)	23 903 360
Total	<u>32 772 668</u>	<u>8 610 300</u>	<u>(5 736 564)</u>	<u>35 646 405</u>

	Balance Previously Reported	Transferred from Current Provisions (IAS 19)	Balance now Reported
30 June 2008			
Accumulated leave	-	4 705 086	4 705 086
Performance Bonus	-	336 350	336 350
Annual Bonus	-	1 951 325	1 951 325
Long Service Awards	-	3 443 004	3 443 004
Post Retirement Medical	-	22 336 903	22 336 903
Total	<u>-</u>	<u>32 772 668</u>	<u>32 772 668</u>

	Balance at beginning of year	Charged against Statement of Financial Performance	Payments made	Balance at e nd of year
30 June 2008				
Accumulated leave	4 441 732	691 829	(428 475)	4 705 086
Performance Bonus		336 350		336 350
Annual Bonus	1 657 308	3 382 492	(3 088 475)	1 951 325
Long Service Awards	2 863 013	724 335	(144 344)	3 443 004
Post Retirement Medical	18 378 983	4 685 132	(727 212)	22 336 903
Total	<u>27 341 036</u>	<u>9 820 138</u>	<u>(4 388 506)</u>	<u>32 772 668</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
7 EMPLOYEE BENEFITS (continued)		
Other defined benefit plan information		
<i>Post Employment Health Care Benefits</i>		
The Post Employment Health Care Benefit plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	142	
Continuation members (e.g. retirees, widows)	46	
Total	188	
The liability in respect of past service has been estimated to be as follows:		
In-service members	12 079 972	-
Continuation members	11 823 388	-
Total	23 903 360	-
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas;		
Hosmed		
LA Health		
Munimed, and		
SAMWU Medical Aid		
The Future-service Cost for the ensuing year is estimated to be	1 097 399	1 040 792
Interest- Cost for the next year is estimated to be	2 155 885	2 374 971
Amounts recognised in Statement of Financial Position		
Present value of fund obligations	23 903 360	22 336 903
Fair value of plan assets	-	-
Net liability / (asset)	23 903 360	22 336 903
Amounts recognised in Statement of Financial Performance		
Current service cost	1 040 792	927 543
Interest Cost	2 374 971	1 495 395
Actuarial (gains) / losses	(1 081 774)	2 262 194
	2 333 989	4 685 132
Reconciliation of present value of defined benefit obligation:		
Present value of fund obligation at the beginning of the year	22 336 903	18 378 983
Amounts recognised in Statement of Financial Performance	2 333 989	4 685 132
Benefits Paid	(767 532)	(727 212)
Present value of fund obligation at the end of the year	23 903 360	22 336 903
Key assumptions used:		
Discount rate	9,18%	10,81%
Health Care Cost Inflation Rate	7,81%	9,66%
Net Effective Discount Rate	1,27%	1,05%

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7 EMPLOYEE BENEFITS (continued)

Sensitivity analysis

The effect of a one percent movement in the assumed rate of Health Care Cost Inflation is as follows:

	Amount	Percentage Change
Increase		
Effect on the aggregate of the Current-Service and Interest cost	3 974 500	16,00%
Effect on the Defined Benefit Obligation	27 289 000	14,00%
Decrease		
Effect on the aggregate of the Current-Service and Interest cost	2 960 500	(13,00%)
Effect on the Defined Benefit Obligation	21 101 000	(12,00%)

	2009 R	2 008 R
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Provision for Long Service Awards

The Long Service Awards plans are defined benefit plans. As at year end, 650 employees were eligible for Long Service Bonuses.

The liability in respect of Long Service Awards has been estimated to be as follows:

The Future-service Cost for the ensuing year is estimated to be
Interest- Cost for the next year is estimated to be

Amounts recognised in Statement of Financial Position

Present value of fund obligations	3 663 984	3 443 004
Fair value of plan assets	-	-
Net liability / (asset)	3 663 984	3 443 004

Amounts recognised in Statement of Financial Performance

Current service cost	475 146	296 854
Interest Cost	357 673	235 552
Actuarial (gains) / losses	(264 822)	191 929
	567 997	724 335

Reconciliation of present value of defined benefit obligation:

Present value of fund obligation at the beginning of the year	3 443 004	2 863 013
Amounts recognised in Statement of Financial Performance	567 997	724 335
Benefits Paid	(377 017)	(144 344)
Present value of fund obligation at the end of the year	3 633 984	3 443 004

Key assumptions used:

Discount rate	9,20%	10,96%
General Salary Inflation Rate	6,61%	9,76%
Net Effective Discount Rate	2,43%	1,09%

8 CONSUMER DEPOSITS

Municipal Services	4 598 639	4 336 523
Total Consumer Deposits	4 598 639	4 336 523

The fair value of consumer deposits approximate their carrying value.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2 008 R
9	PROVISIONS		
	Provision for SALA Pension Fund	747 765	
	Accrued Contribution	531 913	
	Accrued Interest	215 852	
	Current portion of rehabilitation of landfill sites provision - Note 6	303 051	
	Total Provisions	1 050 816	-
	The movement in current provisions are reconciled as follows: -		
		Current portion Landfill Site	SALA Pension Fund
	Balance at beginning of year		
	Transfer from non-current	303 051	
	Contributions to provision	-	747 765
	Expenditure incurred	-	
	Balance at end of year	303 051	747 765
		Transferred to Employee Benefits (IAS19)	Balance now reported
	30 June 2008	Balance previously reported	
	Performance Bonus	336 350	-
	Annual Bonus	1 951 325	-
	Total Provisions	2 287 675	-
		2009 R	2 008 R
10	TRADE PAYABLES		
	Sundry Payables		
	Trade payables	22 553 959	9 308 550
	Payments received in advance	2 387 735	759 791
	Insurance Claims	430 707	-
	Suspense	235 502	49 184
	Retentions and Guarentees	166 747	687 862
	Deposits: Other	1 498 457	1 857 125
		27 273 107	12 662 512
	Employee Benefit Liabilities		
	Staff Leave liability i.t.o. GAMAP 19.15(b)		
	Balance Previously Reported		4 705 086
	Transferred to Employee Benefits. (IAS19)		(4 705 086)
	Balance now Reported		-
	Total Creditors	27 273 107	12 662 512
	Payables being paid within 30 days are being recognised net of discounts.		
11	UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
	<i>Conditional Grants from other spheres of Government</i>		
	Unspent Grants	5 089 927	6 643 949
	Less: Unpaid Grants	1 505 566	963 236
	Total Conditional Grants and Receipts	3 584 362	5 680 713

See appendix "F" for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised and approximate its carrying value. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised (Note 24). No grants were withheld.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2 008 R
12 TAXES	2 747 293	268 034
VAT payable	<u>2 747 293</u>	<u>268 034</u>
Balance Previously Reported		1 253 611
Correction of VAT Provison		<u>(985 577)</u>
Balance now Reported		<u>268 034</u>

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

- 13 SHORT-TERM LOANS**
The Municipality has no short term loans

- 14 PROPERTY, PLANT AND EQUIPMENT**
30 June 2009

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Leased Assets	Other R	Total R
Carrying values at 1 July 2008	71 731 847	153 451 906	61 480 314	81 502	49 664 549	336 410 119
Cost	116 024 190	209 404 240	75 027 707	226 600	79 160 928	479 843 665
<i>Accumulated depreciation</i>	<i>(44 292 343)</i>	<i>(55 952 334)</i>	<i>(13 547 393)</i>	<i>(145 098)</i>	<i>(29 496 379)</i>	<i>(143 433 547)</i>
Opening Balance	(44 292 343)	(55 952 334)	(13 547 393)	(145 098)	(29 496 379)	(143 433 547)
- Revaluation	-	-	-	-	-	-
Acquisitions	4 893 381	29 908 756	2 101 616	559 211	8 754 564	46 217 527
Donated land, vehicles and equipment						
- At cost	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At Cost	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Depreciation **	(3 117 149)	(11 252 245)	(1 299 950)	(198 610)	(4 845 347)	(20 713 301)
- based on cost	(3 117 149)	(11 252 245)	(1 299 950)	(198 610)	(4 845 347)	(20 713 301)
- Backlog on previously not recorded						-
Carrying value of disposals	(4 889 174)	-	-	-	(23 380)	(4 912 554)
Cost/revaluation	(9 038 000)	-	-	-	(71 221)	(9 109 221)
Accumulated depreciation	4 148 826	-	-	-	47 841	4 196 667
Impairment losses	-	-	-	-	-	-
Adjustments through profit and loss	-	-	-	-	-	-
At cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
	<u>68 618 906</u>	<u>172 108 417</u>	<u>62 281 979</u>	<u>442 103</u>	<u>53 550 386</u>	<u>357 001 791</u>
Carrying values at 30 June 2009	68 618 906	172 108 417	62 281 979	442 103	53 550 386	357 001 791
Cost	111 879 571	239 312 996	77 129 323	785 811	87 844 271	516 951 971
Revaluation	-	-	-	-	-	-
Accumulated depreciation	(43 260 665)	(67 204 579)	(14 847 343)	(343 708)	(34 293 885)	(159 950 180)
- Cost	(43 260 665)	(67 204 579)	(14 847 343)	(343 708)	(34 293 885)	(159 950 180)
- Revaluation	-	-	-	-	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Leased Assets	Other R	Total R
14 PROPERTY, PLANT AND EQUIPMENT (continued)						
30, June 2008						
Carrying values at 1 July 2007	74 912 622	141 034 731	60 728 290	331 980	43 968 625	320 976 247
Cost	146 330 692	187 760 522	74 358 182	1 474 100	61 650 746	471 574 242
Adjustments to Cost	(9 579 424)	(175 786)	(908 769)	12 500	8 229 307	(2 422 173)
Transferred to investment property note 16	(17 896 000)	-	-	-	-	(17 896 000)
Accumulated depreciation	(43 942 646)	(46 550 005)	(12 721 123)	(1 154 620)	(25 911 428)	(130 279 822)
Opening Balance	(46 602 500)	(47 407 686)	(37 651 125)	(1 142 120)	(27 329 098)	(160 132 528)
Adjustments	2 659 854	857 680	24 930 002	(12 500)	1 417 670	29 852 706
- Revaluation	-	-	-	-	-	-
Acquisitions	5 120 923	21 819 504	1 580 294	55 000	9 824 380	38 400 101
Donated vehicles and equipment -						
At cost	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At Cost	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Depreciation	(3 447 561)	(9 402 328)	(827 371)	(305 478)	(4 033 200)	(18 015 939)
- based on cost	(3 447 561)	(9 402 328)	(827 371)	(305 478)	(4 033 200)	(18 015 939)
- Backlog on previously not recorded	-	-	-	-	-	-
Carrying value of disposals	(4 854 135)	-	(899)	-	(95 255)	(4 950 290)
Cost/revaluation	(7 952 000)	-	(2 000)	(1 315 000)	(543 504)	(9 812 504)
Accumulated depreciation	3 097 865	-	1 101	1 315 000	448 249	4 862 214
Impairment losses	-	-	-	-	-	-
Adjustments through profit and loss	-	-	-	-	-	-
At cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
	71 731 847	153 451 906	61 480 314	81 502	49 664 549	336 410 119
Carrying values at 30 June 2008	71 731 847	153 451 906	61 480 314	81 502	49 664 549	336 410 119
Cost	116 024 190	209 404 240	75 027 707	226 600	79 160 928	479 843 665
Revaluation	-	-	-	-	-	-
Accumulated depreciation	(44 292 343)	(55 952 334)	(13 547 393)	(145 098)	(29 496 379)	(143 433 547)
- Cost	(44 292 343)	(55 952 334)	(13 547 393)	(145 098)	(29 496 379)	(143 433 547)
- Revaluation	-	-	-	-	-	-

The leased property, plant and equipment is secured as set out in Note 5.

The Municipality identified other properties, plant and equipment, with opening balances and adjustments during the year.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.

- Property, Plant and Equipment (GAMAP 17) Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Property, Plant and Equipment (GAMAP 17) Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Property, Plant and Equipment (GAMAP 17) Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Property, Plant and Equipment (GAMAP 17) Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]
- Impairments of Assets (AC 128) Entire Standard
- Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
15 NON-CURRENT ASSETS HELD FOR SALE		
Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.		
♦ Non-current Assets Held for Sale and Discontinued Operations (AC142) Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]		
16 INVESTMENT PROPERTY		
Cost	18 008 000	17 896 000
Less: Accumulated Depreciation	30 021	27 521
Total Investment Properties	<u>17 977 979</u>	<u>17 868 479</u>
The Municipality only identified Investment Properties during the 2008/2009 financial year. The value of Investment Properties was included under Property, Plant and Equipment in the prior year. The fair value of the investment properties has not been determined in terms of the exemption in terms of the transitional provisions.		
Revenue to the amount of R Nil was earned from the Investment Properties, which is a return of nil %.		
17 INTANGIBLE ASSETS		
Cost	1 416 674	612 421
Balance 1 July 2008	612 421	448 343
Aquisitions for the year – At cost	804 253	164 078
Less: Accumulated Amortisation	(303 924)	(109 101)
Balance 1 July 2008	(109 101)	(14 306)
Accumulated Amortisation for the year	(194 823)	(94 795)
Total Intangible Assets	<u>1 112 750</u>	<u>503 320</u>
The Municipality transferred Intangible Assets (Computer Software) from Property, Plant and Equipment. The cost and accumulated amortisation were restated for the 2006 financial year.- Note 14		
Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.		
♦ Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.		
18 BIOLOGICAL ASSETS		
The Municipality has no biological assets	–	–
19 INVESTMENTS		
Financial Instruments		
Listed		
Sanlam Shares held at fair value through profit and loss 270 shares	4 685	4 482
Total Investments	<u>4 685</u>	<u>4 482</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20 LONG-TERM RECEIVABLES		
Staff Car Loans – At amortised cost	–	66 523
Provincial Government Housing Loans – At amortised cost	2 924 766	3 275 532
Provincial Government Library Services	3 898 905	
Staff Study loans – At amortised cost	115 644	70 326
Services connections – At amortised cost	474 581	529 876
Land Sales – At amortised cost	619 789	887 496
Agreements	9 612 187	7 929 082
	<u>17 645 873</u>	<u>12 758 836</u>
Less : Provision for bad debts	<u>(13 937 538)</u>	<u>(7 644 604)</u>
	<u>3 708 334</u>	<u>5 114 232</u>
Less : Current portion transferred to current receivables	<u>(2 542 374)</u>	<u>(2 220 209)</u>
Total	<u><u>1 165 960</u></u>	<u><u>2 894 023</u></u>
CAR LOANS		
Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are redeemed July 2009 or when the employee resigns.		
The car loans are secured over the asset.		
21 INVENTORY		
Consumable Stores – Stationery and materials	8 634 622	9 081 197
Total Inventory	<u><u>8 634 622</u></u>	<u><u>9 081 197</u></u>
The value of the water stock has not been determined in terms of the exemption in terms of the transitional provisions.		
22 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Water	4 002 621	4 444 278
Electricity	8 718 839	5 640 686
Housing Rentals	710 271	1 136 195
Refuse	2 691 030	2 240 085
Sanitation	3 456 222	2 918 206
Other Arrears	1 429 153	6 060 003
Total : Trade receivables from exchange transactions	<u>21 008 136</u>	<u>22 439 453</u>
Less : Provision for bad debts	<u>(8 408 032)</u>	<u>(13 444 857)</u>
Total	<u><u>12 600 103</u></u>	<u><u>8 994 596</u></u>
Debtor accounts written off during the year:	<u><u>4 148 495</u></u>	<u><u>400 778</u></u>
The fair value of other receivables approximate their carrying value.		
(Electricity, Water, Refuse, Sanitation and Other): Ageing		
Current (0 – 30 days)	9 794 812	8 475 306
31 – 60 Days	1 670 234	1 262 200
61 – 90 Days	997 142	901 172
+ 90 Days	8 545 948	11 800 776
Total	<u><u>21 008 135</u></u>	<u><u>22 439 453</u></u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Residential R	Industrial/ Commercial R	National and Provincial Government R
30 June 2009			
22 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)			
Summary of Debtors by Customer Classification			
Current (0 – 30 days)	3 016 455	6 734 717	43 640
31 – 60 Days	1 024 143	644 512	1 578
61 – 90 Days	741 999	253 778	1 364
+ 90 Days	7 251 389	1 254 644	39 915
Sub-total	12 033 986	8 887 652	86 498
Less: Provision for bad debts	(7 305 316)	(1 060 620)	(22 262)
Total debtors by customer classification	4 728 670	7 827 031	64 236
 30 June 2008	 R	 R	 R
Current (0 – 30 days)	2 809 168	5 304 499	361 638
31 – 60 Days	870 055	363 206	28 939
61 – 90 Days	702 150	172 004	27 018
+ 90 Days	5 712 777	1 798 556	4 289 442
Sub-total	10 094 151	7 638 264	4 707 037
Less: Provision for bad debts	(6 048 027)	(4 576 554)	(2 820 276)
Total debtors by customer classification	4 046 124	3 061 710	1 886 762

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

	2009 R	2008 R
23 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes – Rates	4 060 952	3 455 397
Availability Charges	2 143 205	1 725 714
Other Debtors	669 454	415 327
Taxes – VAT		
Other Debtors	6 873 612	5 596 438
Less : Provision for bad debts	(4 362 685)	(3 353 171)
Total	2 510 927	2 243 267
 Rates: Ageing		
Current (0 – 30 days)	1 114 764	706 290
31 – 60 Days	220 236	237 322
61 – 90 Days	122 629	175 784
+ 90 Days	2 603 323	2 336 001
Total	4 060 952	3 455 397
 Availability Charges: Ageing		
Current (0 – 30 days)	134 444	98 556
31 – 60 Days	72 646	64 173
61 – 90 Days	57 946	57 068
+ 90 Days	1 878 169	1 505 917
Total	2 143 205	1 725 714

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

The fair value of other receivables approximate their carrying value.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
24 CASH AND CASH EQUIVALENTS		
Assets		
Call Investment Deposits	92 146 276	51 082 923
Primary Bank Account	3 949 482	17 579 162
Cash Floats	7 507	7 227
Total Cash and Cash Equivalents – Assets	96 103 264	68 669 312
Liabilities		
Primary Bank Account (Overdraft)	–	–
Total Cash and Cash Equivalents – Liabilities	–	–
The effective interest rate was 6.98% (2008: 6.3%).		
The Municipality has the following bank accounts: –		
<i>Current Account (Primary Bank Account)</i>		
ABSA – Account Number 1050000008 (Primary Account)	8 467 487	17 402 582
ABSA – Account Number 4062728351	3 100	2 400
	8 470 587	17 404 982
Cash book balance at beginning of year	17 579 162	23 227 056
Cash book balance at end of year	3 949 482	17 579 162
Bank statement balance at beginning of year – (overdrawn)	17 404 982	30 921 015
Bank statement balance at end of year – (overdrawn)	8 470 587	17 404 982
The Municipality has the following investments: –		
Nedbank – Account Number 18662451/9998	31 974	28 847
Nedbank – Account Number 03/7881034971/000008	31 277 260	25 288 219
Standard bank – Account Number 288474023-002	30 590 301	
ABSA – Account Number 2069170658	30 246 740	25 765 856
	92 146 276	51 082 923
Amount ringfenced in investments -Fixed and Call- Accounts in order to fund the Capital Replacement Reserve	32 992 064	29 451 578
Amount ringfenced in investments -Fixed and Call- Accounts- in order to fund the Unspent Conditional Grants	5 089 927	6 643 949
The effective interest rate was 6.98% (2008: 6.98%).		
Investments made to serve as collateral security for staff housing loans:	31 974	28 847
25 PROPERTY RATES		
Actual		
Property Rates Levied	25 924 823	39 816 051
Less: Income Foregone	(5 601 124)	(19 493 197)
Total Assessment Rates	20 323 699	20 322 854
Valuations		
Taxable properties	01 July 2008 5 946 719 730	01 July 2007 5 765 790 730
Total Property Valuations	5 946 719 730	5 765 790 730

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2003. The basic rate was 1,67 c per Rand on land and buildings (2007 = 1,59c/R). There are 15 926 properties of which 13 430 are residential. Pensioners qualify for discounts of 20-40%

Rates are levied monthly and payable by the 7th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
26 SERVICE CHARGES		
Sale of electricity	118 556 472	93 528 960
Sale of Water	20 814 939	19 900 210
Waste Management charges	14 813 424	14 492 529
Waste Water Management charges	11 044 307	10 536 050
Private Works	–	–
Total Service Charges	165 229 142	138 457 749
<i>Electricity</i>		
Units bought/generated	277 957 301	269 658 444
Units sold	260 178 449	248 917 218
Units lost in distribution	17 778 852	20 741 226
Units lost in distribution (%)	6,396%	7,692%
Cost per unit bought/generated (cents)	R 0,347	R 0,264
Loss in Distribution (at cost)	R 6 162 145	R 5 478 459
<i>Water</i>		
Units bought/treated	7 068 340	6 545 378
Units sold	5 128 221	5 188 202
Units lost in distribution	1 940 119	1 357 176
Units lost in distribution (%)	27,448%	20,735%
Cost per unit sold (cents)	R 3,942	R 3,451
Loss in Distribution (at selling price)	R 7 647 895	R 4 682 948
27 GOVERNMENT GRANTS AND SUBSIDIES		
UNCONDITIONAL GRANTS		
Operating Grants	27 025 097	20 085 293
Equitable Share	27 025 097	20 085 293
In terms of the Constitution, this grant is an unconditional grant. The grant is primarily used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to basic charges for Electricity, Refuse Removal, Sewerage and Water Services, which subsidy is adjusted as tariffs increase. All residential households receive 6 kl water and indigent households receive between 20 and 50 kwh electricity free every month.		
CONDITIONAL GRANTS		
Operating Grants	3 242 280	1 655 825
Finance Management Grant	798 779	481 905
Municipal Systems Improvement Grant	798 232	438 624
Other	1 645 269	735 296
Capital Grants	19 934 862	9 946 566
Municipal Infrastructure Grant	7 669 165	1 786 401
Housing Grant	10 713 700	4 589 033
Other	1 551 997	3 571 132
Total Government Grants and Subsidies	50 202 239	31 687 684

(See Appendix "F" for a reconciliation of all grants).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
28 OTHER INCOME			
Other income represents sundry income such as certificates, cemetery charges and photocopies		11 589 830	5 164 823
		–	–
Total Other Income		11 589 830	5 164 823
	Balance Previously Reported	Correction	Balance now Reported
2008			
Other Income	4 179 246	985 577	5 164 823
29 EMPLOYEE RELATED COSTS			
Employee related costs – Salaries and Wages		50 759 473	43 150 955
Employee related costs – Contributions for UIF, pensions and medical aids		12 255 997	10 402 614
Travel, motor car, accommodation, subsistence and other allowances		4 119 944	3 847 095
Housing benefits and allowances		769 920	662 049
Overtime Payments		3 067 597	2 791 184
Bonus		4 783 814	3 718 842
Staff Leave		869 757	690 565
Contribution to employee benefits -Long Service Awards – Note 7		475 146	296 854
Contribution to employee benefits – Post Retirement Medical – Note 7		1 075 073	927 543
		78 176 721	66 487 702
Less: Employee Costs Capitalised			
Total Employee Related Costs		78 176 721	66 487 702
	Balance Previously Reported	Implementation of IAS 19	Balance now Reported
2008			
Employee related costs – Salaries and Wages	44 022 511	(871 556)	43 150 955
Contribution to employee benefits -Long Service Awards – Note 7		296 854	296 854
Contribution to employee benefits – Post Retirement Medical – Note 7		927 543	927 543
The Municipality pays for the medical aid of retired officials. There are currently fourty six retired officials who qualify for this benefit.			
The contribution to medical expenses of retired officials and/or their spouses			
		801 813	774 688
KEY MANAGEMENT PERSONNEL			
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.			

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
29 EMPLOYEE RELATED COSTS (continued)		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>MUNICIPAL MANAGER: S A MOKWENI</i>		
From 5 April 2007		
Salary	525 405	448 282
Travel Allowance	153 988	132 710
Risk Allowance		8 333
Performance Bonus	103 854	23 881
Pension	95 283	78 905
Medical Aid	16 686	14 011
Equipment Allowance		6 808
Housing Allowance		6 539
Office Allowance	12 736	24 000
U.I.F.		117
Entertainment Allowance		6 694
Sundry		28 997
Compensating Allowance		
Travelling	12 906	9 542
Subsistence	714	1 977
Total	921 572	790 796
<i>CHIEF FINANCIAL OFFICER: C F HOFFMANN</i>		
From 1 June 2007		
Salary	410 000	375 000
Travel Allowance	140 780	133 133
Performance Bonus	59 675	
Pension	74 087	67 763
Medical Contribution	21 409	20 012
U.I.F.		
Compensating Allowance		
Travelling	10 900	7 942
Subsistence	1 089	5 644
Total	717 940	609 493
<i>DIRECTOR: INFRASTRUCTURE DEVELOPMENT: J DE K JOOSTE</i>		
Salary	346 560	320 000
Travel Allowance	158 513	160 158
Performance Bonus	59 675	43 688
Pension	83 175	57 600
Medical Contribution	29 314	27 670
Leave Payout		29 582
U.I.F.		
Entertainment Allowance	28 715	31 319
Sundry	1 074	
Compensating Allowance		
Travelling	4 434	
Subsistence	115	84
Total	711 575	670 101

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
29 EMPLOYEE RELATED COSTS (continued)		
REMUNERATION OF KEY MANAGEMENT PERSONNEL continued		
<i>DIRECTOR: COMMUNITY DEVELOPMENT : M J MHLOM</i>		
From 1 February 2007		
Salary	420 000	360 000
Travel Allowance	123 603	106 800
Housing Allowance		11 495
Performance Bonus	59 675	17 522
Pension	75 600	64 800
Medical Contribution	13 421	12 024
Equipment Allowance	7 144	16 010
Office Allowance	6 509	14 400
U.I.F.		
Entertainment Allowance		11 217
Sundry		15 153
Compensating Allowance		
Travelling	2 462	9 770
Subsistence	2 717	8 821
Total	711 131	648 012
<i>DIRECTOR: CORPORATE SERVICES: A W J EVERSON</i>		
From 1 June 2007		
Salary	416 800	380 000
Travel Allowance	125 613	123 345
Performance Bonus	77 577	
Pension	75 024	68 400
Medical Contribution	22 349	19 008
Leave Payout	24 857	
Equipment Allowance	6 491	5 994
U.I.F.		
Sundry		3
Compensating Allowance		
Travelling	15 463	6 139
Subsistence	813	2 206
Telephone		
Total	764 987	605 095
<i>DIRECTOR: STRATEGIC SERVICES AND ECONOMIC DEVELOPMENT: P R ESAU</i>		
From 1 October 2006		
Salary	104 103	384 500
Bonus		27 728
Travel Allowance	39 186	143 903
Performance Bonus		31 946
Pension		69 210
Medical Contribution		10 814
Leave Payout	11 668	
Sundry	21 442	
Total	176 399	668 101

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
30 REMUNERATION OF COUNCILLORS		
<i>EXECUTIVE MAYOR: S J NGONYAMA</i>		
Allowance	365 056	350 472
Transport	129 674	116 824
Telephone/Cell phone	15 984	14 400
Pension fund	36 571	
Sundry		11 218
Housing	6 929	
U.I.F.	125	
	<u>554 339</u>	<u>492 914</u>
<i>DEPUTY EXECUTIVE MAYOR: C J GROOTBOOM</i>		
Allowance	289 852	280 377
Transport	103 739	93 459
Telephone/Cell phone	15 984	14 400
Pension fund	28 469	
Medical aid		
Sundry	5 178	1 440
U.I.F.	125	
Compensating Allowance		
Subsistence	213	
	<u>443 560</u>	<u>389 676</u>
<i>SPEAKER: M W H DU PREEZ</i>		
Allowance	311 219	280 377
Transport	103 739	93 459
Telephone/Cell phone	15 984	14 400
Pension fund		
Sundry		1 440
U.I.F.	125	
Compensating Allowance		
Travelling	858	
Subsistence	1 446	
	<u>433 371</u>	<u>389 676</u>
<i>MEMBER OF EXECUTIVE MAYORAL COMMITTEE: C O MATTHYS</i>		
Until 31 July 2007		
Allowance		20 376
Transport		6 792
Telephone/Cell phone		1 117
Pension fund		
Sundry		3 030
	<u>–</u>	<u>31 315</u>
<i>MEMBER OF EXECUTIVE MAYORAL COMMITTEE: O SIMPSON</i>		
Allowance	271 910	262 854
Transport	97 255	87 618
Telephone/Cell phone	15 984	14 400
Pension fund	26 946	
Housing	4 737	2 503
U.I.F.	125	
	<u>416 957</u>	<u>367 375</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
30 REMUNERATION OF COUNCILLORS (continued)		
<i>MEMBER OF EXECUTIVE MAYORAL COMMITTEE: E J VOLLENHOVEN</i>		
From 10 August 2007		
Allowance	275 048	235 379
Transport	92 685	78 460
Telephone/Cell phone	15 984	12 919
Pension fund	26 946	
Medical aid	5 733	
Sundry		1 324
Housing	3 806	
U.I.F.	125	
	<u>420 327</u>	<u>328 081</u>
<i>OTHER COUNCILLORS</i>		
Allowance	1 589 306	1 784 637
Transport	563 839	525 818
Telephone/Cell phone	149 927	
Pension fund	99 349	
Medical aid	45 887	
Housing	10 906	
Compensating Allowance		
Travelling	2 486	
Subsistence	479	
	<u>2 462 179</u>	<u>2 310 455</u>
Total Councillors' Remuneration	<u>4 730 734</u>	<u>4 216 902</u>
In-kind Benefits		
The Executive Mayor, Deputy Executive Mayor, Mayoral Committee members and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
31 INTEREST PAID		
Long-term liabilities	6 148 436	4 386 022
Employee benefits	2 732 644	1 730 947
Total Interest on External Borrowings	<u>8 881 080</u>	<u>6 116 969</u>
	Balance Previously Reported	Balance now Reported
2008		
Employee benefits	1 730 947	1 730 947
32 BULK PURCHASES		
Water	1 089 587	1 105 506
Electricity	70 255 304	49 877 300
Total Bulk Purchases	<u>71 344 891</u>	<u>50 982 806</u>
33 GRANTS AND SUBSIDIES PAID		
Free Basic Services	9 748 267	7 238 310
Total Grants and Subsidies	<u>9 748 267</u>	<u>7 238 310</u>
34 CHANGES IN FAIR VALUE (LOSS)		
	Balance Previously Reported	Balance now Reported
2008		
Changes in Fair Value (Loss)	1 426	2 455 549

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
35 GENERAL EXPENSES		
General Expenses	32 515 543	26 377 715
General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.		
36 SURPLUS OF ASSOCIATE		
The municipality has got no shares in associates		
37 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 – IMPLEMENTATION OF GAMAP/GRAP		
Please refer to notes 7, 9, 10 and 29 for the adjustments to prior year amounts resulting from the implementation of GRAP.		
38 CORRECTION OF ERROR IN TERMS OF GRAP 3		
Prior year adjustments		
38.1 Taxes		
Balance previously reported		4 017 520
Implementation of GAMAP		
VAT previously not recognised credited to Accumulated Surplus – Note 38.2		(1 525 720)
Total		<u>2 491 801</u>
38.2 Accumulated Surplus/(Deficit)		
VAT previously not recognised credited to Accumulated Surplus – Note 38.1		1 525 720
Depreciation difference with asset register		(11)
Total		<u>1 525 708</u>
38.3 Capital Replacement Reserve		
Balance previously reported		29 451 578
Amount understated		254 696
Total		<u>29 706 274</u>
39 CASH GENERATED BY OPERATIONS		
Surplus for the year	15 784 318	10 299 169
Adjustment for:-		
Depreciation	20 592 351	18 015 939
Amortisation of Intangible Assets	194 823	94 795
Loss (Gain on disposal of property, plant and equipment)	4 891 171	3 348 546
Adjustments to VAT	–	
Contribution to employee benefits	2 873 736	6 525 807
Contribution to provisions	916 043	(3 088 475)
Contributed Property, Plant and Equipment	–	–
Investment income	(10 789 908)	(8 746 970)
Interest paid	8 881 080	6 116 969
Operating surplus before working capital changes:	<u>43 343 616</u>	<u>32 565 780</u>
(Increase)/Decrease in inventories	446 575	(1 138 744)
(Increase)/decrease in debtors	(3 605 508)	(1 832 295)
(Increase)/decrease in other debtors	(267 659)	431 891
(Decrease)/increase in unspent conditional grants and receipts	(1 554 022)	(1 305 558)
Decrease/(increase) in unpaid conditional grants and receipts	(542 330)	(544 608)
Increase(decrease) in creditors	14 610 595	2 090 424
(Increase)/decrease in Taxes	2 479 259	(1 028 096)
Cash generated by/(utilised in) operations	<u>54 910 526</u>	<u>29 238 793</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
40 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following :		
Bank balances and cash	96 103 264	68 669 312
Bank overdraft	—	—
Total cash and cash equivalents	96 103 264	68 669 312

41 ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosure of the Municipality's critical accounting policies and estimates and the application of these policies and estimates.

41.1 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of trade and other receivables

The impairment of the municipality's trade and other receivables is based on incurred losses in accordance with the provisions of IAS 39. The historical loss experience of the municipality, based on observable data through the passage of time, is used to estimate the impairment of trade and other receivables. Any changes in the payment status of customers in a specific group or national or local economic conditions that correlate with defaults on the assets in the group will have an impact on the impairment of trade and other receivables.

Provisions

The provisions raised by the municipality are detailed in note 6. These provisions represent management's best estimate of the municipality's exposure. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Actual results may, however, differ from these estimates.

41.2 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE MUNICIPALITY'S ACCOUNTING POLICIES

Certain critical accounting judgements in applying the municipality's accounting policies are described below.

Revenue recognition

Accounting Policy clause 1.22 on Revenue from Exchange Transactions and Accounting Policy clause 1.22.1 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Classification as investment property

The Municipality has reviewed its property portfolio and determined which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and buildings fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio have either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Depreciation and the carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated remaining useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

Determination of impairments of property, plant and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that an impairment exists. The municipality applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Determination of the recoverable amount of a cash-generating unit

Where impairment indicators exist, the determination of the recoverable amount of a cash generating unit requires management to make assumptions to determine the fair value less costs to sell. Key assumptions on which management has based its determination of fair values less costs to sell include projected revenues, earnings multiple, capital expenditure and market share. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of the impairment.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

41 ACCOUNTING ESTIMATES AND JUDGEMENTS

Determination of the recoverable serviced amount of non-cash-generating assets

Where impairment indicators exist, the determination of the recoverable service amount of a non-cash generating asset requires management to make assumptions to determine the fair value less costs to sell and the value in use based on the depreciated replacement cost model. Key assumptions include the current replacement cost of non-cash generating assets and in certain instances an assumption about the commissioning date which determines the depreciated replacement cost of the non-cash generating asset.

Finance and operating leases

In determining lease classification the municipality evaluated whether leases are clearly operating leases or finance leases. Based on qualitative factors it is concluded whether leases are finance or operating leases.

Post-retirement medical benefits

The assumptions used to calculate the municipality's obligation with regards to post-retirement medical benefits, ex gratia pension payments and long service awards as more fully described in note XX. Any changes to these assumptions will have an impact on the liability at the reporting date and the related expenses to be recognised in the Statement of Financial Performance.

	2009 R	2008 R
42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities - Note 5	47 581 548	33 184 163
Used to finance property, plant and equipment – at cost	47 581 548	33 184 163
Total	–	–
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		
43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
There were no fruitless- or wasteful expenditure during the year.		
“The financial statements for 2007 / 2008 were drawn up according to the GRAP standards but the budget were drawn up according to IMFO standrds. The depreciation of assets as applied according to GRAP standards resulted in the budget of certain functional areas being overspent by a total of R 4,748,062. The total operating expenditure for the 2007/2008 financial year of R197 857 276 is still below the total budget of R201 317 027 for the said period. The overspending on certain functional areas was approved by the Council on 26 November 2008.		
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
44.1 Contributions to organized local government		
Opening balance	–	–
Council subscriptions	410 579	229 948
Amount paid - current year	(410 579)	(229 948)
Amount paid - previous years	–	–
Balance unpaid (included in creditors)	–	–
44.2 Audit fees		
Opening balance	–	–
Current year audit fee	1 322 671	1 243 510
Amount paid - current year	(1 322 671)	(1 243 510)
Amount paid - previous years	–	–
Balance unpaid (included in creditors)	–	–
44.3 Pension and Medical Aid Deductions		
Opening balance	–	–
Current year payroll deductions and Council Contributions	10 809 222	9 585 781
Amount paid - current year	(10 809 222)	(9 585 781)
Amount paid - previous years	–	–
Balance unpaid (included in creditors)	–	–

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
44.4 Councillor's arrear consumer accounts		
There were no Councillors who were in arrears for more than 90 days during the year.		
44.5 Non-Compliance with Chapter 11 of the Municipal Finance Management Act		
The following purchases were made during the year where Councillors or staff have an interest:		
Purchases from Berry Bright Trading & Investment/ Vinn Investments Nr 17, where the spouse of the former Municipal Manager has an interest		4 580
45 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for	11 800 000	—
Infrastructure	11 800 000	—
Community	—	—
Other	—	—
This expenditure will be financed from:		
- External Loans	11 800 000	—
	11 800 000	—

46 RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Cape Joint Municipal Pension Fund and SAMWU National Provident Fund which is defined contribution funds. Some employees contribute to the South African Local Authorities Pension Fund which is a defined benefit fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuation was done on 31 March 2005.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The relevant law requires every fund to do an actuarial valuation at least every three years.

	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing Members
Cape Joint Pension Fund	June 2008	3 677 016	3 677 016	3
South African Local Authorities Pension Fund	June 2006	5 022 610	5 022 610	44
Cape Joint Retirement Fund	June 2008	6 906 092	6 906 092	444
SAMWU Provident Fund (*)	June 2005	873 969	873 969	154
Municipal Councillors Pension Fund	June 2006	737 970	737 970	14

NOTE (*): The results of the 30 June 2008 actuarial valuation of the SAMWU Provident Fund are not yet available.

An amount of R 8 563 936 (2007/8 = R 7 456 1343) was contributed by Council in respect of Councillors' and employees' retirement funding. These contributions have been expensed.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
47 FINANCIAL INSTRUMENTS		
47.1 Classification of Financial Instruments		
FINANCIAL ASSETS:		
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):		
Financial Assets	121 997 126	82 805 680
Held to maturity	92 150 960	51 087 405
Investments	4 685	4 482
Listed Investments	4 685	4 482
Short-term Investment Deposits	92 146 276	51 082 923
Fixed Deposits	92 146 276	51 082 923
Loans and receivables	29 846 166	31 718 275
Long-term Receivables	13 320 521	5 114 232
Staff Car Loans - At amortised cost	-	66 523
Provincial Government Housing Loans	2 924 766	3 275 532
Provincial Government Library Services	-	-
Staff Study loans - At amortised cost	115 644	70 326
Services connections - At amortised cost	474 581	529 876
Land Sales - At amortised cost	193 343	685 496
Agreements	9 612 187	486 478
Other Receivables from Non-Exchange transactions	2 510 927	2 243 267
Assessment Rates	1 544 030	1 615 397
Availability Charges	319 635	225 714
Other Debtors	647 263	402 156
Trade Receivables from Exchange transactions	12 600 103	8 994 596
Water	1 871 426	1 244 278
Electricity	7 747 962	4 140 686
Housing Rentals	45 500	136 195
Refuse	1 046 915	840 085
Sanitation	1 344 040	918 206
Other Arrears	544 261	1 715 146
Current Portion of Long-term Receivables	(2 542 374)	(2 220 209)
Current Portion of Long-term Receivables	(2 542 374)	(2 220 209)
VAT Receivable	-	-
VAT Control Accounts	-	-
Cash and cash equivalents	3 956 989	17 586 389
Bank Balances	3 949 482	17 579 162
Cash Floats and Advances	7 507	7 227

CHAPTER FOUR

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
47 FINANCIAL INSTRUMENTS (continued)		
47.1 Classification of Financial Instruments <i>continued</i>		
FINANCIAL LIABILITIES:		
In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows:		
Other Financial Liabilities	47 581 548	31 522 364
Long-term Liabilities	45 831 978	29 885 136
Annuity Loans	45 521 793	29 829 376
Other Loans	310 185	55 759
Current Portion of Long-term Liabilities	1 749 570	1 637 228
Annuity Loans	1 570 939	1 605 413
Other Loans	178 631	31 816
Non-current Provisions	3 342 318	3 600 540
Rehabilitation of Land-fill Sites	3 342 318	3 600 540
Employee Benefits	11 743 045	10 435 765
Bonus	2 266 609	1 951 325
Performance Bonus	338 849	336 350
Accumulated leave	5 503 602	4 705 086
Long Service Awards	3 633 984	3 443 004
Provisions	–	–
Current Portion of Rehabilitation of Land-fill Sites	–	–
Consumer Deposits	4 598 639	4 336 523
Electricity and Water	4 598 639	4 336 523
Creditors	30 020 400	12 930 546
Trade payables	22 553 959	9 308 550
Payments received in advance	2 387 735	759 791
Insurance Claims	430 707	–
Suspense	235 502	49 184
Retentions and Guarentees	166 747	687 862
Deposits: Other	1 498 457	1 857 125
Taxes	2 747 293	268 034

47.2 Fair Value of Financial Instruments

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the Fair Value of Derivative Instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the Fair Value of Financial Guarantee Contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47 FINANCIAL INSTRUMENTS (continued)

47.2 Fair Value of Financial Instruments *continued*

Quoted Prices

Financial Assets in this category include Listed Redeemable Notes, Bills of Exchange and Debentures. Financial Liabilities include Bills of Exchange and Perpetual Notes.

In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

	30 June 2009		30 June 2008	
	Carrying Value R	Fair Value R	Carrying Value R	Fair Value R
FINANCIAL ASSETS				
Held to maturity:	92 150 960	92 150 960	51 087 405	51 087 405
Listed Investments	4 685	4 685	4 482	4 482
Fixed Deposits	92 146 276	92 146 276	51 082 923	51 082 923
Loans and Receivables	66 649 567	66 649 567	60 346 616	60 346 616
Long-term Receivables	45 831 978	45 831 978	29 885 136	29 885 136
Trade Receivables from Exchange transactions	12 600 103	12 600 103	8 994 596	8 994 596
Other Receivables from Non-Exchange transactions	2 510 927	2 510 927	2 243 267	2 243 267
Current Portion of Long-term Receivables	1 749 570	1 749 570	1 637 228	1 637 228
Cash and cash equivalents	3 956 989	3 956 989	17 586 389	17 586 389
VAT Receivable	–	–	–	–
Total Financial Assets	158 800 527	158 800 527	111 434 021	111 434 021
FINANCIAL LIABILITIES				
Other Financial Liabilities	97 285 949	97 285 949	62 825 738	62 825 738
Creditors	30 020 400	30 020 400	12 930 546	12 930 546
Consumer Deposits	4 598 639	4 598 639	4 336 523	4 336 523
Non-current Provisions	3 342 318	3 342 318	3 600 540	3 600 540
Provisions	–	–	–	–
Employee Benefits	11 743 045	11 743 045	10 435 765	10 435 765
Long-term Liabilities	45 831 978	45 831 978	29 885 136	29 885 136
Current Portion of Long-term Liabilities	1 749 570	1 749 570	1 637 228	1 637 228
Total Financial Liabilities	97 285 949	97 285 949	62 825 738	62 825 738
Total Financial Instruments	61 514 577	61 514 577	48 608 283	48 608 283

47.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2008.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 23, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 1 and 2 and the Statement of Changes in Net Assets.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
47 FINANCIAL INSTRUMENTS (continued)		
47.3 Capital Risk Management <i>continued</i>		
Gearing Ratio		
The gearing ratio at the year-end was as follows:		
Debt	47 581 548	31 522 364
Net Assets	373 829 967	358 045 649
Debt to Net Assets ratio	12,73%	8,80%

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 5.

Net Assets includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

47.4 Financial Risk Management Objectives

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The municipality seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and in the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the municipality's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

47.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

47.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. Potential concentrations of credit risk and interest rate risk consists mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

47.7 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

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

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction limits per financial institution.

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

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is deemed most appropriate under the circumstances.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47 FINANCIAL INSTRUMENTS (continued)

47.8 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) refer to Appendix A for the indication of the average effective interest rates of Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice. The following indicates the income-earning Financial Assets:

30 June 2009 Description	Note ref in AFS	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments	19		4 685					4 685
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	24	8 – 12	92 146 276	92 146 276				
Bank Balances and Cash	24	8 – 12	3 956 989	3 956 989				
Total Variable Rate Instruments			96 103 264	96 103 264	–	–	–	–
30 June 2008								
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments	19		4 482					4 482
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	24	8 – 12	51 082 923	51 082 923				
Bank Balances and Cash	24	8 – 12	17 586 389	17 586 389				
Total Variable Rate Instruments			68 669 312	68 669 312	–	–	–	–

47.9 Other Price Risks

The municipality is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The municipality does not actively trade these investments.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47 FINANCIAL INSTRUMENTS (continued)

47.10 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

30 June 2009 Description	Note ref in AFS	Average effective Interest Rate	Carry amount	Contractual cash flows R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years R	More than 5 Years R
DBSA	5	10,00%	170 407	34 430	8 695	9 130	19 651	71 887	61 044
DBSA	5	12,00%	25 560	6 098	1 515	1 606	3 507	13 343	5 589
DBSA	5	15,00%	661 289	136 264	18 535	19 925	44 446	179 313	399 069
DBSA	5	14,00%	391 731	77 886	11 522	12 328	27 306	108 034	232 540
DBSA	5	16,00%	1 507 581	307 101	32 944	35 579	79 926	328 796	1 030 336
DBSA	5	16,50%	513 093	111 402	13 371	14 474	32 629	135 540	317 079
DBSA	5	15,75%	4 367 260	923 925	118 041	127 337	285 546	1 168 965	2 667 371
DBSA	5	13,22%	46 786	13 083	3 449	3 677	8 100	31 560	-
DBSA	5	13,30%	247 555	102 752	34 914	37 236	82 064	93 342	-
DBSA	5	13,75%	494 572	140 019	36 008	38 483	85 086	334 995	-
DBSA	5	16,15%	144 387	87 332	32 007	34 592	77 788	-	-
DBSA	5	16,15%	6 147	3 718	1 363	1 473	3 312	-	-
DBSA	5	16,50%	3 526 033	731 683	74 944	81 126	182 884	759 696	2 427 383
DBSA	5	14,22%	1 265 679	230 951	25 479	27 291	60 541	240 562	911 806
DBSA	5	14,22%	1 625 769	309 563	39 181	41 967	93 099	369 932	1 081 589
DBSA	5	14,39%	534 859	107 849	15 439	16 549	36 757	146 541	319 573
DBSA	5	13,92%	2 434 089	438 671	49 911	53 385	118 176	466 832	1 745 786
DBSA	5	13,92%	986 384	158 348	10 517	11 249	24 901	98 366	841 351
DBSA	5	13,92%	95 000	101 612	95 000	-	-	-	-
C B R	5		37 686	-	-	-	-	-	37 686
Pensionfund	5	15,10%	324 919	76 775	13 856	14 902	33 265	134 467	128 428
ABSA Bank	5	15,25%	16 887	7 223	2 324	2 501	5 589	6 473	-
DBSA	5	13,01%	27 675 417	4 016 667	207 633	221 142	486 387	1 887 580	24 872 675
Finance Leases	5	12,00%	488 816	232 086	86 714	91 917	200 710	109 475	-
30 June 2008									
Description									
DBSA	5	10,00%	182 533	33 685	7 716	8 101	17 438	63 791	85 486
DBSA	5	12,00%	27 443	5 069	888	941	2 055	7 820	15 739
DBSA	5	15,00%	694 627	136 275	16 040	17 244	38 464	155 178	467 701
DBSA	5	14,00%	410 710	77 536	10 018	10 720	23 743	93 938	272 291
DBSA	5	16,00%	1 566 474	307 129	28 247	30 507	68 530	281 915	1 157 276
DBSA	5	16,50%	534 580	110 930	11 362	12 300	27 727	115 177	368 015
DBSA	5	15,75%	4 558 364	919 938	100 998	108 952	244 319	1 000 188	3 103 908
DBSA	5	13,29%	18 354	20 203	8 882	9 472	-	-	-
DBSA	5	13,22%	53 060	13 084	3 035	3 236	7 127	27 770	11 893
DBSA	5	13,30%	300 109	99 158	29 622	31 592	69 626	169 270	-
DBSA	5	13,75%	559 827	140 029	31 526	33 694	74 496	293 303	126 807
DBSA	5	16,15%	201 405	87 332	27 403	29 616	66 598	77 788	-
DBSA	5	16,15%	8 574	3 718	1 167	1 261	2 835	3 312	-
DBSA	5	16,50%	3 647 053	729 250	63 743	69 002	155 551	646 156	2 712 601
DBSA	5	14,22%	1 380 742	243 111	23 378	25 040	55 548	220 724	1 056 052
DBSA	5	14,22%	1 780 605	324 910	35 845	38 394	85 171	338 432	1 282 763
DBSA	5	14,39%	581 370	111 428	13 881	14 880	33 050	131 760	387 799
DBSA	5	13,92%	2 645 750	459 762	45 724	48 906	108 262	427 669	2 015 188
DBSA	5	13,92%	1 050 367	165 429	9 604	10 272	22 739	89 825	917 928
DBSA	5	13,92%	285 000	217 043	88 684	94 857	101 459	-	-
C B R	5		37 686	-	-	-	-	-	37 686
Pensionfund	5	15,10%	324 920	111 158	31 048	33 392	74 537	185 944	-
ABSA Bank	5	15,25%	20 300	6 965	1 934	2 082	4 652	11 631	-
DBSA	5	13,01%	10 564 934	1 512 680	68 933	73 418	161 477	626 663	9 634 443
Finance Leases	5	12,00%	87 575	65 525	27 508	29 159	30 908	-	-

All other financial liabilities are due and payable in less than 12 months.

CHAPTER FOUR

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47 FINANCIAL INSTRUMENTS (CONTINUED)

47.11 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

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

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

Trade receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, consumer deposits are adjusted.

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

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

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

The following table represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2009 R	2008 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	4 685	4 482
Long-term Receivables	17 645 873	12 758 836
Trade Receivables from Exchange transactions	21 008 136	22 439 453
Other Receivables from Non-Exchange transactions	6 873 612	5 596 438
Fixed Term Investment Deposits	92 146 276	51 082 923
Bank and Cash Balances	3 956 989	17 586 389
Maximum Credit and Interest Risk Exposure	141 635 569	109 468 521

48 EVENTS AFTER THE REPORTING DATE

During the period 11 to 13 November 2008 the Breede River Winelands Municipality experienced persistent rain.

The following estimated damage occurred:

Roads & Bridges	3 750 000
Storm water	5 000
Sewerage networks and treatment plants	480 000
Water networks and treatment plants	480 000
Environmental Services	605 200
Electricity	646 005
Libraries	2 000
Swimming Pools	43 000
Total Damage	6 011 205

CHAPTER FOUR

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

49 CONTINGENT LIABILITY

None

50 RELATED PARTIES

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

51 EXEMPTIONS TAKEN ACCORDING TO THE EXEMPTIONS GAZETTED IN TERMS OF GOVERNMENT NOTICE NO. 30013 OF 29 JUNE 2007 AND SPECIFICALLY PARAGRAPH 3(2)B OF THE NOTICE

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
- Segment Reporting (AC115) Entire Standard
- Operating Segments (AC146) Entire Standard
- Construction Contracts (AC109) Entire Standard
- Business Combinations (AC140) Entire Standard
- Accounting for Government Grants and Disclosure of Government Assistance (AC134) Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.

52 PROCESS TO COMPLY FULLY WITH THE IMPLEMENTATION OF GENERAL RECOGNISED ACCOUNTING PRACTICES (GRAP).

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2010. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliable financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix "G".

53 DEVIATIONS IN TERMS OF PARAGRAPH 36 OF THE SUPPLY CHAIN MANAGEMENT REGULATIONS

In terms of paragraph 36 of the Supply Chain Management Regulations the Accounting Officer may –

- (a) Dispense with the official procurement processes established by this Policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) In the event of an emergency, one written quotation is to be obtained;
 - (ii) If the required goods or services are available from a sole provider only, one written quotation is to be obtained. Documentary proof must be provided that the service provider is actually a sole provider;
 - (iii) In respect of repairs to motor vehicles, machinery and equipment that need to be stripped to quote, only one written quotation is to be obtained;
 - (iv) For the acquisition of special works of art or historical objects where specifications are difficult to compile; or
 - (v) Acquisition of animals for game reserves.
 - (vi) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.
- (b) Ratify any minor breaches of the procurement processes by official or committee acting in terms of delegated powers or duties, which are purely of a technical nature.

The Accounting Officer must record the reasons for any deviations in terms of subparagraph (a) and (b) of this Policy and report them to the next meeting of the Council and include as a note to the annual financial statements.

The following number deviations were approved by the accounting officer:

	2009
Emergency	219
Sole provider	110
Stripped to quote	138
Acquisition of special works of art or historical objects	-
Acquisition of animals for game reserves.	-
Impractical or impossible	124
Ratify any minor breaches	-
Total Deviations	591

Detailed lists of these deviations have been submitted to Council and is available at the municipal offices for inspection.

The supply chain unit was only established during the 2007/2008 and 2008/2009 financial years. A software program was also implemented for the administration and reporting of procedures. Statistics for the 2007/2008 financial year are unfortunately not available.

CHAPTER FOUR

APPENDIX A – SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Rate	Redeemable	Balance at 30/06/08 R	Received during the period R	Redeemed written off during the period R	Adjustments R	Balance at 30/06/09 R	Cost Value of Property, Plant & Equip R
ANNUITY LOAN								
Development Bank of S A	14,2%	2000-2019	57 119		5 051		52 068	100 000
Development Bank of S A	16,5%	1999-2018	35 271		1 098		34 174	40 000
Development Bank of S A	14,2%	2000-2019	342 713		30 305		312 409	600 000
Development Bank of S A	14,2%	2000-2019	242 755		21 466		221 289	425 000
C B R		08/93-07/17	37 686		-		37 686	63 360
Development Bank of S A	16,5%	1999-2018	98 121		7 903		90 218	288 000
Development Bank of S A	13,9%		1 265		843		422	4 216
Development Bank of S A	13,9%		27 369		18 246		9 123	91 230
Development Bank of S A	14,4%	1999-2018	93 194		7 529		85 665	150 000
Development Bank of S A	14,2%	2000-2019	89 332		7 576		81 756	150 000
Development Bank of S A	14,4%	2001-2020	114 939		9 285		105 654	185 000
Development Bank of S A	16,5%	1999-2018	138 440		4 308		134 132	157 000
Development Bank of S A	14,4%	2001-2020	186 387		15 057		171 331	300 000
Development Bank of S A	14,2%	2000-2019	57 119		5 051		52 068	100 000
Development Bank of S A	14,2%	2000-2019	153 651		13 031		140 620	258 000
Development Bank of S A	14,2%	2000-2019	287 054		24 345		262 709	482 000
Development Bank of S A	14,0%	1998-2018	410 710		18 979		391 731	499 999
Development Bank of S A	14,2%	2000-2019	74 443		6 314		68 130	125 000
Development Bank of S A	14,4%	06/03-06/08	25 314		1 590		23 724	31 672
Development Bank of S A	10,0%	1996/2016	51 298		3 408	(10 575)	37 316	60 000
Development Bank of S A	10,0%	1996/2016	19 236		1 278		17 958	22 500
Development Bank of S A	16,0%	1999-2019	118 055		4 546		113 509	136 090
Development Bank of S A	15,8%	1999-2018	1 726 563		72 078		1 654 485	2 175 459
Development Bank of S A	14,2%	2000-2019	59 555		5 051		54 504	100 000
Development Bank of S A	13,9%		15 584		10 390		5 195	51 948
Cape Joint Pension Fund	15,1%	1982-12/12	324 920		-		324 920	324 920
Unibank	15,3%	1983-12/12	20 300		3 413	(89)	16 798	41 262
Development Bank of S A	15,0%	1998-2018	694 627		33 338		661 290	850 000
Development Bank of S A	13,3%	1983-2012	300 109		52 554		247 555	668 355
Development Bank of S A	13,8%	1984-2014	559 827		65 256		494 572	1 000 000
Development Bank of S A	16,0%	1999-2019	1 023 777		37 375		986 402	1 172 085
Development Bank of S A	16,5%	2000-2019	1 227 592		40 735		1 186 857	1 724 100
Development Bank of S A	15,8%	1999-2018	1 726 563		72 078		1 654 485	2 175 459
Development Bank of S A	13,9%		246 301		15 480		230 821	300 000
Development Bank of S A	13,9%		105 000		70 000		35 000	350 000
Development Bank of S A	13,0%	31/03/2027	5 914 181		586 261		5 327 920	5 914 181
Development Bank of S A	13,0%	31/03/2027	2 475 732	3 500 478	337 532	482	5 639 160	2 475 732
Development Bank of S A	13,0%	31/03/2027	2 175 021	2 781 516	288 803		4 667 733	2 175 021
Development Bank of S A	13,0%	31/03/2027		6 524 452	171 696		6 352 756	6 524 452
Development Bank of S A	16,5%	1999-2018	262 748		8 178		254 570	298 000
Development Bank of S A	14,2%	2000-2019	59 555		5 051		54 504	100 000
Development Bank of S A	14,4%	2001-2020	86 981		7 027		79 954	140 000
Subtotal carried forward			21 666 409	12 806 446	2 089 502	(10 181)	32 373 172	32 830 040

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APPENDIX A – SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Rate	Redeemable	Balance at 30/06/08 R	Received during the period R	Redeemed written off during the period R	Adjustments R	Balance at 30/06/09 R	Cost Value of Property, Plant & Equip R
Subtotal brought forward			21 666 409	12 806 446	2 089 502	(10 181)	32 373 172	32 830 040
Development Bank of S A	14,4%	2001-2020	74 555		6 023		68 532	120 000
Development Bank of S A	13,9%		18 331		12 221		6 110	61 104
Development Bank of S A	13,9%		31 201		20 800		10 400	104 002
Development Bank of S A	14,2%	2000-2019	288 765		25 534		263 230	505 550
Development Bank of S A	14,2%	2000-2019	68 543		6 061		62 482	120 000
Development Bank of S A	16,2%	1991-2011	8 574		2 427		6 147	22 000
Development Bank of S A	12,0%	1995-2015	27 443		1 882	(1 530)	24 031	37 436
Development Bank of S A	16,0%	1999-2019	60 688		2 959		57 729	72 433
Development Bank of S A	16,0%	1999-2019	363 954		14 014		349 940	419 561
Development Bank of S A	15,8%	1999-2018	1 105 238		46 948		1 058 290	1 417 000
Development Bank of S A	13,3%	1994-2009	18 354		18 354		-	130 000
Development Bank of S A	13,9%		29 441		19 627		9 814	98 135
Development Bank of S A	13,9%		29 441		19 627		9 814	98 135
Development Bank of S A	13,9%	2001-2020	2 645 750		211 660		2 434 090	4 500 000
Development Bank of S A	16,5%	2000-2019	2 419 461		80 285		2 339 177	3 398 029
Development Bank of S A	14,2%	2000-2020	1 380 742		115 062		1 265 680	2 301 237
Development Bank of S A	16,2%	1991-2011	201 405		57 018		144 387	501 769
Development Bank of S A	0,1%	1996-2016	111 999		7 440		104 559	131 000
Development Bank of S A	13,2%	1994-2014	53 060		6 274		46 786	91 364
Development Bank of S A	13,9%		205 251		12 900	5 346	197 697	250 000
Development Bank of S A	13,9%		598 816		35 603		563 212	690 000
Development Bank of S A	13,9%		27 369		18 246		9 123	91 230
Development Bank of S A	13,0%	31/03/2027		1 422 412	37 432		1 384 980	1 422 412
Development Bank of S A	13,0%	31/03/2027		2 528 345	66 535		2 461 810	2 528 345
Development Bank of S A	13,0%	31/03/2027		192 500	5 066		187 434	192 500
Development Bank of S A	13,0%	31/03/2027		1 698 811	44 706		1 654 106	1 698 811
Total annuity loans			31 434 789	18 648 515	2 984 206	(6 365)	47 092 732	53 832 094
LEASE LIABILITY								
Finance Leases	± 12.0%	2009	87 575	559 211	157 970		488 816	1 422 100
Total Lease Liabilities			87 575	559 211	157 970		488 816	1 422 100
TOTAL EXTERNAL LOANS			31 522 364	19 207 725	3 142 176		47 581 548	55 254 194

CHAPTER FOUR

APPENDIX B – ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Opening Balance	Cost/Revaluation			Closing Balance	Accumulated Depreciation				Closing Balance	Carrying Value
		Additions	Under Construction	Disposals		Opening Balance	Additions	Disposals income			
Land and Buildings											
Erven	15 957 000	86 700	–	966 000	15 077 700	–	–	–	–	15 077 700	
Erven & houses	88 972 200	–	–	8 072 000	80 900 200	44 043 838	2 736 776	4 148 826	42 631 788	38 268 412	
Housing projects	11 094 990	4 716 067	–	–	15 811 057	248 505	369 833	–	618 338	15 192 719	
Wendy Huise	–	90 614	–	–	90 614	–	10 539	–	10 539	80 075	
	116 024 190	4 893 381	–	9 038 000	111 879 571	44 292 343	3 117 149	4 148 826	43 260 665	68 618 906	
Infrastructure											
Sub stations	29 550 457	7 733 286	–	–	37 283 744	9 893 131	981 893	–	10 875 024	26 408 720	
Transformer											
buildings	76 202	–	–	–	76 202	27 790	2 540	–	30 330	45 872	
Lasbeheer toerusting	1 361 368	–	–	–	1 361 368	602 068	68 068	–	670 136	691 232	
Switchgear	1 109 498	–	–	–	1 109 498	142 034	53 785	–	195 819	913 679	
Electricity Meters	1 888 190	496 979	–	–	2 385 169	77 661	94 410	–	172 071	2 213 098	
Networks	27 787 026	2 016 941	–	–	29 803 968	8 846 286	1 374 087	–	10 220 373	19 583 595	
Water Provision	–	418 426	–	–	418 426	–	1 425	–	1 425	417 001	
Meters	–	–	–	–	–	–	–	–	–	–	
Hoofnetwerke	51 586 037	1 783 004	–	–	53 369 040	14 217 323	2 537 120	–	16 754 443	36 614 597	
Landfill sites	3 477 091	–	–	–	3 477 091	1 356 234	691 245	–	2 047 478	1 429 612	
Randstene	302 000	–	–	–	302 000	159 677	15 092	–	174 769	127 231	
Reservoirs, damme & tenke	6 717 091	5 659 394	–	–	12 376 485	2 707 481	364 712	–	3 072 194	9 304 292	
Sanitasie	1 041 878	–	–	–	1 041 878	260 612	52 094	–	312 706	729 172	
Suiwering	5 989 194	686 213	–	–	6 675 407	2 838 114	289 321	–	3 127 435	3 547 972	
Waterpompe	75 457	236 157	–	–	311 614	4 235	16 502	–	20 737	290 877	
Hoofpaaie	1 795 895	–	–	–	1 795 895	656 648	119 608	–	776 256	1 019 639	
Strate	15 459 367	4 939 240	–	–	20 398 606	4 694 447	1 436 107	–	6 130 555	14 268 052	
Bridges	–	824 905	–	–	824 905	–	1 020	–	1 020	823 885	
Straatligte	346 074	344 371	–	–	690 444	47 737	14 961	–	62 698	627 747	
Stormwaternetwerke	5 045 739	970 374	–	–	6 016 112	883 050	252 287	–	1 135 337	4 880 776	
Parkeerterreine	986 155	1 507 384	–	–	2 493 539	293 454	56 280	–	349 733	2 143 806	
Sypaadjes	5 167 604	59 729	–	–	5 227 332	812 485	255 880	–	1 068 365	4 158 967	
Padtekens/											
Inligtingsbord	109 409	–	–	–	109 409	14 567	7 679	–	22 246	87 163	
Rioolnetwerk	15 790 809	1 723 398	–	–	17 514 207	3 584 335	747 240	–	4 331 575	13 182 632	
Uitvalwerke	108 868	–	–	–	108 868	10 902	5 443	–	16 345	92 523	
Suiweringswerke	33 498 774	465 809	–	–	33 964 583	3 907 165	1 677 024	–	5 584 189	28 380 394	
Rioolpompe	134 056	43 147	–	–	177 202	38 346	12 974	–	51 319	125 883	
	209 404 239	29 908 756	–	–	239 312 996	56 075 783	11 128 796	–	67 204 578	172 108 417	

CHAPTER FOUR

APPENDIX B – ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Opening Balance	Cost Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Accumulated Depreciation Additions	Disposals income	Closing Balance	Carrying Value
Community Assets										
Bewaarskole	2 202 895	–	–	–	2 202 895	615 189	70 130	–	685 319	1 517 576
Gemeenskapsale	8 861 843	161 901	–	–	9 023 744	3 013 120	195 324	–	3 208 443	5 815 301
Klinieke	5 859 337	–	–	–	5 859 337	2 159 880	191 145	–	2 351 025	3 508 312
Biblioteke	3 623 421	52 255	–	–	3 675 676	1 360 503	104 912	–	1 465 414	2 210 261
Begraafplase	1 117 361	28 000	–	–	1 145 361	185 937	34 347	–	220 284	925 077
Brandweerstasies	761 145	–	–	–	761 145	35 759	25 371	–	61 131	700 014
Craft Stalls	299 000	72 136	–	–	371 136	88 395	9 923	–	98 318	272 818
Museums	1 167 000	–	–	–	1 167 000	280 900	26 900	–	307 800	859 200
Sportterreine	10 500 625	910 425	–	–	11 411 050	2 961 164	313 291	–	3 274 454	8 136 595
Parke	10 170 236	730 131	–	–	10 900 367	289 960	62 073	–	352 033	10 548 333
Wandelpaie	1 007 883	7 000	–	–	1 014 883	139 432	50 405	–	189 836	825 046
Swembaddens	3 190 442	43 769	–	–	3 234 211	1 555 889	162 082	–	1 717 971	1 516 240
Vakansie-orde & kampeerterrei	832 066	–	–	–	832 066	394 059	2 803	–	396 862	435 204
Tennisbane	136 418	–	–	–	136 418	75 786	6 821	–	82 607	53 811
Gholfbane/Muurbal	215 000	–	–	–	215 000	76 782	10 750	–	87 532	127 468
Geboue	691 000	–	–	–	691 000	–	–	–	–	691 000
Meent	23 531 077	96 000	–	–	23 627 077	73 932	5 209	–	79 141	23 547 937
Ouerehuis	312 000	–	–	–	312 000	97 777	10 167	–	107 943	204 057
Ruimtelike Onwikkelingsraamwerk	548 959	–	–	–	548 959	142 931	18 299	–	161 230	387 729
	75 027 707	2 101 616	–	–	77 129 323	13 547 393	1 299 950	–	14 847 343	62 281 979
Leased Assets										
Office Equipment (Lease)	226 600	559 211	–	–	785 811	145 098	198 610	–	343 708	442 103
	226 600	559 211	–	–	785 811	145 098	198 610	–	343 708	442 103

CHAPTER FOUR

APPENDIX B – ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

		Cost				Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals income	Closing Balance	Carrying Value
Other Assets										
Master Planning	1 020 974	–	–	–	1 020 974	55 965	51 049	–	107 014	913 961
Rekenaartoerusting	2 378 784	465 106	–	14 191	2 829 699	1 413 642	341 174	7 786	1 747 030	1 082 668
Drukkers	491 084	32 189	–	–	523 273	337 665	59 200	–	396 865	126 408
LAN / WAN										
Toerusting	312 403	18 652	–	5 162	325 892	164 214	37 660	2 311	199 563	126 329
UPS	291 872	1 030	–	–	292 902	228 346	27 226	–	255 573	37 329
Kantoormasjiene	98 039	21 088	–	–	119 127	75 049	7 642	–	82 690	36 436
Kitchen Equipment	–	16 527	–	–	16 527	–	1 042	–	1 042	15 484
Lugreëlaars	155 371	50 865	–	–	206 236	32 785	33 912	–	66 697	139 539
Digitale Kameras	18 456	2 763	–	–	21 219	12 408	3 009	–	15 417	5 802
Tafels / Lessenare /										
Laaie	337 466	110 784	–	1 985	446 265	173 060	65 257	1 735	236 583	209 682
Stoele / Banke /										
Toonbanke	348 064	100 816	–	–	448 880	151 026	71 765	–	222 792	226 089
Kabinette / Kaste /										
Rakke	419 442	54 349	–	–	473 790	248 136	65 305	–	313 441	160 349
Boekrakk /										
Boektrollies	9 421	–	–	–	9 421	5 349	1 387	–	6 736	2 684
Beddens /										
Beddegoed	17 043	–	–	–	17 043	5 507	3 409	–	8 916	8 128
Elektriese toestelle	146 255	375 718	–	3 062	518 912	77 979	49 028	2 382	124 625	394 287
Allerlei	61 198	54 716	–	–	115 914	22 476	13 469	–	35 945	79 969
Portrette/Skilderye	2 085	–	–	–	2 085	294	417	–	711	1 374
Gordyne / Blindings	113 013	–	–	–	113 013	1 251	11 408	–	12 659	100 354
Kantoorafskortings	4 583	–	–	–	4 583	367	917	–	1 283	3 300
Teken- / Swartborde	3 113	–	–	–	3 113	1 448	405	–	1 854	1 259
Vertoon- en										
Witborde	27 915	4 563	–	301	32 178	5 634	3 436	91	8 978	23 199
Emergency										
Equipment	284 755	39 300	–	–	324 055	63 397	59 220	–	122 617	201 439
Motors	984 132	218 509	–	–	1 202 640	788 569	96 908	–	885 477	317 164
Bakkies / Kappies	4 802 489	–	–	15 000	4 787 489	2 646 714	548 364	15 000	3 180 078	1 607 410
Ander										
passasiersvoertuie	256 070	–	–	–	256 070	32 374	45 614	–	77 988	178 082
Vragmotors	7 909 475	–	–	–	7 909 475	3 323 743	756 871	–	4 080 614	3 828 861
Brandweervoertuie	5 073 618	–	–	–	5 073 618	604 674	428 612	–	1 033 286	4 040 332
Co-Driver Units	–	18 649	–	–	18 649	–	2 647	–	2 647	16 002
Tenk op Voertuig	128 603	–	–	–	128 603	39 391	12 860	–	52 252	76 351
Kragopwekkers	459 442	2 570	–	–	462 012	49 324	62 932	–	112 256	349 756
Trekkers	1 700 418	–	–	–	1 700 418	767 440	152 331	–	919 772	780 646
Waens	731 280	–	–	–	731 280	256 208	48 505	–	304 712	426 568
Kompakteerders	1 902 157	21 872	–	–	1 924 029	469 905	189 056	–	658 961	1 265 068
Rollers	41 167	–	–	–	41 167	29 372	2 987	–	32 359	8 808
Subtotal carried forward	30 530 186	1 610 065	–	39 701	32 100 551	12 083 711	3 255 026	29 305	15 309 432	16 791 119

CHAPTER FOUR

APPENDIX B – ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Opening Balance	Additions	Cost Under Construction	Disposals	Closing Balance	Opening Balance	Accumulated Depreciation Additions	Disposals income	Closing Balance	Carrying Value
Other Assets										
Continued										
Subtotal brought forward	30 530 186	1 610 065	–	39 701	32 100 551	12 083 711	3 255 026	29 305	15 309 432	16 791 119
Sementmengers	78 306	–	–	–	78 306	32 025	9 171	–	41 196	37 110
Grassnyers/ Bossieslaners	413 325	37 942	–	2 500	448 767	199 622	63 099	2 500	260 221	188 546
Plaas masjienerie / implemente	204 990	–	–	–	204 990	204 990	–	–	204 990	–
Algemene Gereedskap	79 759	–	–	–	79 759	76 830	628	–	77 458	2 301
Bank-/Hoekslypers	9 208	959	–	–	10 167	8 103	566	–	8 670	1 498
Bore	25 740	23 228	–	–	48 967	20 303	1 949	–	22 251	26 716
Algemene Toerusting	73 197	27 455	–	–	100 652	51 509	11 698	–	63 207	37 444
Riool Toerusting	6 660	17 576	–	–	24 237	1 420	2 167	–	3 587	20 649
Kompressors	193 378	–	–	–	193 378	155 971	9 065	–	165 035	28 343
Fire Arms	3 000	–	–	–	3 000	3 000	–	–	3 000	–
Laaigrawe	1 413 080	1 447 368	–	–	2 860 448	838 872	110 711	–	949 583	1 910 866
Ingenieurstoerusting Workshop	366 736	607 339	–	3 143	970 933	206 069	47 335	1 993	251 411	719 522
Equipment	29 797	–	–	–	29 797	19 978	2 980	–	22 957	6 839
Besproeiingspype/ Spreiers	18 824	–	–	–	18 824	18 824	–	–	18 824	–
Kettingsae	21 952	19 508	–	7 206	34 253	16 437	3 259	55	19 641	14 613
LERE	120 225	3 160	–	–	123 386	109 120	4 344	–	113 464	9 922
SWEISMASJIENE Elektriese	5 548	–	–	–	5 548	5 548	–	–	5 548	–
Ingenieurstoerustin	324 833	257 353	–	–	582 186	166 271	63 779	–	230 051	352 135
Verkeerstoeusting	429 474	–	–	–	429 474	314 801	43 423	–	358 223	71 250
Vullisverwydering- toerusting	466 309	–	–	–	466 309	15 220	46 631	–	61 851	404 458
2 RIGTING										
RADIO'S	324 604	19 196	–	2 096	341 703	107 047	56 262	2 096	161 213	180 490
Cellphone	180 803	6 299	–	16 575	170 527	110 696	31 504	11 891	130 308	40 219
Alarms	26 663	–	–	–	26 663	19 195	2 034	–	21 228	5 434
Radio Communication	456 877	–	–	–	456 877	100 222	91 375	–	191 597	265 280
Buildings / Lean-to / Fencing	24 103 570	629 213	–	–	24 732 783	11 474 473	671 083	–	12 145 556	12 587 227
Workshop	2 721	–	–	–	2 721	817	91	–	908	1 814
Stores	3 548 907	–	–	–	3 548 907	753 755	37 630	–	791 386	2 757 522
Landfill sites	3 085 315	3 549 932	–	–	6 635 247	741 426	154 821	–	896 247	5 739 000
Traffic buildings	1 491 291	491 811	–	–	1 983 101	1 296 000	7 000	–	1 303 000	680 101
Public Toilets	861 000	–	–	–	861 000	237 492	23 233	–	260 726	600 274
Farms	9 329 000	–	–	–	9 329 000	59 723	47 700	–	107 423	9 221 577
Informal Housing	935 651	6 160	–	–	941 811	46 911	46 783	–	93 693	848 118
	79 160 928	8 754 564	–	71 221	87 844 271	29 496 379	4 845 347	47 841	34 293 885	53 550 386
Total	479 843 665	46 217 527	–	9 109 221	516 951 971	143 556 995	20 589 851	4 196 667	159 950 180	357 001 791

CHAPTER FOUR

APPENDIX C – SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2009

	Cost Opening Balance R	Additions R	Disposals R	Closing Balance R	Accumulated Depreciation Opening Balance R	Additions R	Disposals R	Closing Balance R	Carrying Value R
Executive & Council	1 661 417	101 085	–	1 762 502	820 960	187 777	–	1 008 737	753 765
Corporate Services	98 572 670	1 620 512	217 922	99 975 260	21 049 584	1 455 503	37 633	22 467 454	77 507 806
Finance	2 881 369	438 675	3 193	3 316 851	1 634 416	404 121	1 842	2 036 696	1 280 156
Planning & Development	7 382 561	1 491 337	12 730	8 861 168	2 272 997	790 566	4 592	3 058 971	5 802 197
Community & Social Services	9 179 758	548 189	1 985	9 725 963	3 109 208	372 583	1 735	3 480 056	6 245 906
Housing	108 210 624	4 827 338	8 823 000	104 214 962	42 993 755	3 075 993	4 113 854	41 955 894	62 259 068
Public Safety	9 984 338	45 116	–	10 029 453	2 107 347	879 180	–	2 986 527	7 042 926
Sport & Recreation	15 715 465	1 628 144	18 007	17 325 603	6 441 354	931 072	9 027	7 363 400	9 962 203
Waste Management	65 934 067	5 791 160	–	71 725 227	13 321 439	4 082 140	–	17 403 579	54 321 649
Road Transport	29 636 255	10 332 075	–	39 968 330	8 090 322	2 164 783	–	10 255 105	29 713 225
Water	65 069 658	8 449 623	–	73 519 282	20 065 966	3 244 584	–	23 310 551	50 208 731
Electricity	65 463 296	10 944 273	29 634	76 377 934	21 590 257	2 993 011	26 752	24 556 516	51 821 418
Other	152 186	–	2 750	149 436	59 388	8 538	1 231	66 695	82 741
TOTAL	479 843 665	46 217 527	9 109 221	516 951 971	143 556 995	20 589 851	4 196 667	159 950 180	357 001 791

APPENDIX D – SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

				2008					
Actual	Actual	Surplus/		Actual	Actual	Surplus/			
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)			
R	R	R		R	R	R			
13 843 473	26 292 935	(12 449 462)	Executive & Council	17 788 896	31 120 590	(13 331 694)			
185 491	9 044 807	(8 859 316)	Corporate Services	481 559	8 633 285	(8 151 726)			
42 801 879	13 493 689	29 308 190	Finance	37 721 502	20 225 644	17 495 858			
1 499 191	8 635 802	(7 136 611)	Planning & Development	1 572 081	9 799 115	(8 227 034)			
–	–	–	Health	–	–	–			
1 064 721	8 088 260	(7 023 539)	Community & Social Services	1 994 690	9 708 949	(7 714 259)			
1 811 660	4 683 862	(2 872 202)	Housing	12 900 270	10 429 616	2 470 654			
6 607 470	7 262 889	(655 419)	Public Safety	6 047 294	9 357 505	(3 310 210)			
312 884	9 567 734	(9 254 850)	Sport & Recreation	255 980	11 419 715	(11 163 736)			
11 786 588	10 610 092	1 176 496	Environmental Protection	16 686 147	12 798 545	3 887 603			
15 492 539	12 892 255	2 600 284	Waste Management	17 617 955	16 381 091	1 236 863			
378 586	9 915 965	(9 537 379)	Road Transport	93 804	12 315 130	(12 221 326)			
20 900 219	17 901 936	2 998 284	Water	27 838 978	21 174 596	6 664 381			
94 376 803	71 225 917	23 150 886	Electricity	126 441 016	96 339 917	30 101 099			
503 546	505 205	(1 659)	Other	178 580	498 186	(319 606)			
211 565 050	210 121 349	1 443 701	Sub Total	267 618 752	270 201 883	(2 583 132)			
–	(11 094 752)	11 094 752	Less Inter–Dep Charges	–	(18 930 535)	18 930 535			
211 565 050	199 026 597	12 538 453	Total	267 618 752	251 271 348	16 347 403			
		–	Add: Share of Associate			–			
		12 538 453				16 347 403			

CHAPTER FOUR

APPENDIX E(1) – ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

REVENUE	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	20 323 699	22 581 806	(2 258 107)	(10,00)	
Property rates - penalties imposed	230 923	100 000	130 923	130,92	
Service charges	165 229 142	167 169 847	(1 940 705)	(1,16)	
Rental of facilities and equipment	1 077 335	1 810 676	(733 341)	(40,50)	Reduction in tariffs
Interest earned - external investments	10 789 908	7 500 000	3 289 908	43,87	
Interest earned - outstanding debtors	1 385 766	300 000	1 085 766	361,92	
Dividends received	–	–	–	0,00	
Fines	3 125 430	3 249 744	(124 314)	(3,83)	
Licences and permits	1 120 388	1 043 629	76 759	7,36	
Income for agency services	1 911 063	1 386 548	524 515	37,83	
Government grants and subsidies	50 202 239	32 908 963	17 293 276	52,55	Capital revenue included - GRAP
Other income	11 589 830	10 953 051	636 779	5,81	
Donated/Contributed Property, Plant and Equipment	1 346 596	–	1 346 596	0,00	
Change in Fair Value	–	–	–	0,00	
Gains on disposal of property, plant and equipment	–	–	–	0,00	
Total Revenue	268 332 320	249 004 264	19 328 056	7,76	
EXPENDITURE					
Executive & Council	33 361 039	37 500 167	(4 139 128)	(11,04)	
Corporate Services	8 633 285	10 162 333	(1 529 048)	(15,05)	
Finance	20 441 496	18 249 750	2 191 746	12,01	No cost charged out as result of surplus
Planning & Development	9 858 994	13 781 123	(3 922 129)	(28,46)	
Community & Social Services	7 468 500	10 471 247	(3 002 747)	(28,68)	
Housing	10 429 616	6 708 854	3 720 762	55,46	Loss on houses transferred to beneficiaries
Public Safety	9 357 505	10 406 557	(1 049 052)	(10,08)	
Sport & Recreation	11 419 715	11 898 535	(478 820)	(4,02)	
Waste Water Management	16 381 091	13 329 067	3 052 024	22,90	
Waste Management	12 798 545	16 041 565	(3 243 020)	(20,22)	
Road Transport	12 255 250	12 006 380	248 870	2,07	
Water	21 174 596	22 125 615	(951 019)	(4,30)	
Electricity	97 400 719	99 457 077	(2 056 358)	(2,07)	
Other	498 186	602 344	(104 158)	917,29	
Less : Interdepartmental Charges	(18 930 535)	(18 163 662)	(766 873)	4,22	
Total Expenditure	252 548 205	264 576 952	(12 028 950)	(4,55)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	15 784 318	(15 572 688)	31 357 006	(201,36)	

CHAPTER FOUR

APPENDIX E(2) – ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	2009 Actual R	2009 Total R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Executive & Council	1 000 911	1 000 911	2 695 400	(1 694 489)	(62,87)	The grant funding for the Thusong Centre was received to late to be spend in the 2008/2009 financial year. The funds was rolled over to the 2009/2010 budget.
Corporate Services	1 305 135	1 305 135	1 365 000	(59 865)	(4,39)	
Finance	743 627	743 627	1 069 000	(325 373)	(30,44)	The Disaster Recovery project continued into the 2009/2010 financial year. The unspend funds was rolled over to the 2009/2010 financial yar.
Planning & Development	2 229 491	2 229 491	2 250 000	(20 509)	(0,91)	
Community & Social Services	578 333	578 333	635 000	(56 667)	(8,92)	
Housing	10 652 260	10 652 260	21 018 000	(10 365 740)	(49,32)	The appointed contractor was suspended by the NHBRC for non compliances not rectified. The available funds were not spend on other housing projects as the EIA processes were not completed.
Public Safety	422 689	422 689	515 000	(92 311)	(17,92)	The extention to the Traffic Offices in Robertson continued into 2009/2010 financial year.
Sport & Recreation	1 346 894	1 346 894	1 446 877	(99 983)	(6,91)	
Waste Management	4 289 125	4 289 125	5 019 914	(730 789)	(14,56)	The construction of the Recycling Plant continued into 2009/2010 financial year.
Road Transport	4 388 942	4 388 942	4 425 000	(36 058)	(0,81)	
Water	8 329 003	8 329 003	8 409 609	(80 606)	(0,96)	
Electricity	11 065 514	11 065 514	11 997 100	(931 586)	(7,77)	The upgrading of the Robertson Main Electricity Substation is a two year project, the remaining funds was rolled over to the 2009/2010 budget.
Other	-	-	-	-	0,00)	
Total	46 351 922	46 351 922	60 845 900	(14 493 978)	(23,82)	

CHAPTER FOUR

APPENDIX F – DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance at 30-Jun-08 R	Contributions during year R	Operating expenditure during year Transferred to Revenue R	Capital expenditure during year Transferred to Revenue R	Transfers R	Balance at 30-Jun-09 R
Re-election of Ward Committees	150 000					150 000
Ward Base Planning	15 057	90 000	105 057			-
INEP Grant - Electrification	-	160 000	85 632	74 368		-
Municipal Systems Improvement Grant	791 582	735 000	798 232		(166 376)	561 975
Afwag Behuisings Ontwikkelings	1 892 179				(1 892 179)	-
CWDM I/D Documents Campaign-R2	-	100 000	18 323			81 677
Route 62 Projects CWDM	37 377					37 377
PIMS:Performance Management	76 935					76 935
PIMS:Project Management Training	17 560					17 560
Development McGregor Bridge (Silver Strand)		235 526				235 526
DPLG - Masterplan - Civil Services	54 386					54 386
Projectt Preperation	62 000			62 000		-
Safety Report McGregor Dam		230 000	55 000	150 000		25 000
Bakery Project		896 100	92 197	516 247		287 656
Werkskepping Projekte	128 050					128 050
Thusong Centre		1 500 000				1 500 000
Transport Grant - DORA R1,79m	4		4			-
Robertson Masakhane project	353 117					353 117
Scaife Homes Sanitation	167 671					167 671
National Treasury - Finance Management Grant	732 249	500 000	798 779			433 471
28 Semi-Detached Houses	17 903					17 903
Housing Consumer Education CWD	12 250	30 000				42 250
Housing		10 713 700		10 713 700		-
MIIU-EIA - Landfill Site	332 400					332 400
Cleaning Recycling Project	589 912			589 912		-
Pre-paid Watermeters	154 718		6 720	39 471		108 528
Masibambane Programme	45 000					45 000
Cleanest town Award		120 000		120 000		-
Flood Damage		48 000	48 000			-
Equitable Share		27 025 097	27 025 097			-
Main Road Maintenance		78 331	78 331			-
Library		493 935	493 935			-
Training - SETA		433 446				433 446
Montagu Agriculture Union		267 000	267 000			-
Langeberg & Ashton Foods		284 605	284 605			-
DBSA Planning		110 466	110 466			-
Unspent conditional grants and receipts - End of year	5 630 350	44 051 206	30 267 377	12 265 697	(2 058 555)	5 089 928
MIG Projects	(1 013 599)	5 260 000		7 669 165		1 395 566
Housing	853 236	853 236				-
Investigation Grant	110 000					110 000
Unpaid conditional grants and receipts - End of year	(50 363)	6 113 236	-	7 669 165	-	1 505 566
	5 680 713	37 937 970	30 267 377	19 934 862	(2 058 555)	3 584 362

CHAPTER FOUR

APPENDIX G – FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY

MUNICIPALITIES

Name of municipality:	Breede River Winelands Municipality	Demarcation Code:	WC 026
Name of preparer:	Mr. CF Hoffman (Chief Financial Officer)	Date completed:	30 March 2009
Contact Details:	023 6158032	Financial period:	08/09
Capacity category:	Medium Capacity	(delete whichever not applicable)	
Financial reporting standard	Milestones to be achieved to comply with the standard [include the key challenges that have to be overcome]	Person responsible	Estimate date of compliance
Presentation of financial statements (GRAP 1)	<ul style="list-style-type: none"> • Preparation of GRAP compliant financial statements. • Challenges as listed below. 	CFO	Completed
Cash flow statements (GRAP 2)	<ul style="list-style-type: none"> • Obtain a thorough understanding of the format of the cash flow statement. • No challenges to overcome. 	CFO	Completed
Accounting policies, changes in accounting estimates and errors (GRAP 3)	<ul style="list-style-type: none"> • A draft accounting policy has been prepared • The municipality has appointed external specialists to assist with the implementation of GRAP and to capacitate the preparers of the financial statements with the disclosure requirements of GRAP 3. • The municipality will have to investigate what the potential impact of Standards approved but not yet effective may be on the annual financial statements. 	CFO	Completed (par 14,19 and 39-31 AFS 30 June 2009) Par 14, 19 and 30-31 will be implemented on 1 July 2009
The Effects of Changes in Foreign Exchange Rates (GRAP 4)	<ul style="list-style-type: none"> • The municipality is not involved in any foreign currency transactions. 	CFO	Completed
Consolidated and Separate Financial Statements (GRAP 6)	<ul style="list-style-type: none"> • The municipality has established through a review that it does not have any entities in which it has a controlling interest. 	CFO	Completed
Investments in Associates (GRAP 7)	<ul style="list-style-type: none"> • The municipality has established through a review that it does not have any entities over which it has significant influence. 	CFO	Completed
Interests in Joint Ventures (GRAP 8)	<ul style="list-style-type: none"> • The municipality must still complete the review to establish if it is involved in any public private partnerships which may constitute a joint venture. 	CFO	Completed
Revenue from Exchange Transactions (GRAP 9)	<ul style="list-style-type: none"> • The municipality will review all revenue sources in order to establish compliance with this Standard. • External specialists have been appointed to assist with the review. • The potential impact of paragraph 12 and SAICA Circular 09/06 will have to be assessed. 	CFO	Completed (except paragraph 12 of GAMAP 9 and SAICA Circular 09/06.) Rest of the Standard, AFS 30 June 2009.
Construction Contracts (GRAP 11)	<ul style="list-style-type: none"> • The municipality will review the Standard in order to understand what constitutes a construction contract as defined by the Standard. 	CFO	AFS 30 June 2009
Inventories (GRAP 12)	<ul style="list-style-type: none"> • The municipality will review the Standard in order to understand its requirements. • The municipality's costing systems will be reviewed in order to establish if its current reporting capability is sufficient to comply with the requirements of the Standard. • Any adjustments required to the costing system will made. 	CFO	AFS 30 June 2009

CHAPTER FOUR

APPENDIX G – FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY

MUNICIPALITIES

Financial reporting standard	Milestones to be achieved to comply with the standard [include the key challenges that have to be overcome]	Person responsible	Estimate date of compliance
Leases (GRAP 13)	<ul style="list-style-type: none"> • The municipality is currently in the process of reviewing all its operating lease agreements in order to establish if some of these should be classified as finance leases. • The municipality must ensure that all assets financed through finance leases are included in the fixed asset register. • The municipality must review all its lease agreements in order to establish if any of these payments should be “smoothed” as per the Standard. 	CFO	Completed
Events after the Reporting Date (GRAP 14)	<ul style="list-style-type: none"> • The preparers of the financial statements will have discussions with senior officials and its lawyers in order to determine if any events after reporting date has occurred. 	CFO	Completed
Investment Property (GRAP 16)	<ul style="list-style-type: none"> • The municipality will review the Standard in order to fully understand what constitutes an investment property. • All investment property must be identified. • All investment property must be transferred from PPE to investment property. • A new accounting policy regarding investment property should be prepared and adopted. • The fixed asset register must be amended in order to process investment property transactions. <p>The full impact of the change in accounting policy must be disclosed in the financial statements.</p>	CFO	AFS 30 June 2009
Property, Plant and Equipment (GRAP 17)	<ul style="list-style-type: none"> • The municipality has performed a physical verification of its PPE and prepared a fixed asset register. • The fixed asset register should be reviewed in order to ensure that the funding sources are correct. • An accounting policy regarding the PPE should be prepared and approved. • Infrastructure assets should be identified and valued by engineers. • All land and buildings should be revalued once the new valuation roll is finalized. • Review of useful life of item of PPE recognised in the annual financial statements. • Review of the depreciation method applied to PPE recognised in the annual financial statements. • Impairment of non-cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed. • Impairment of cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed. 	CFO	Completed
Provisions, Contingent Liabilities and Contingent Assets (GRAP 19)	<ul style="list-style-type: none"> • The municipality has appointed external specialists to assist with the identification of potential provisions, liabilities and contingent assets. 	CFO	Completed
Non-current Assets held for Sale and Discontinued Operations (GRAP 100)	<ul style="list-style-type: none"> • The municipality requires capacity building on this Standard in order to fully understand its requirements. 	CFO	AFS 30 June 2010
Agriculture (GRAP 101)	<ul style="list-style-type: none"> • The municipality has appointed external specialists to assist with the identification of potential biological assets. • The biological assets need to be verified and valued. • The municipality's costing system needs to be amended in order comply with the requirements of the Standard. • An accounting policy needs to be drafted for the treatment of agricultural assets. 	CFO	Completed

CHAPTER FOUR

APPENDIX G – FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY

MUNICIPALITIES

Financial reporting standard	Milestones to be achieved to comply with the standard [include the key challenges that have to be overcome]	Person responsible	Estimate date of compliance
Intangible assets (GRAP 102)	<ul style="list-style-type: none"> • The municipality has appointed external specialists to assist with the identification of potential intangible assets. • The asset register needs to be adjusted in order capture all intangible assets. • An accounting policy needs to be drafted for the treatment of intangible assets. 		Completed for computer software. 1 July 2008 for all other intangible assets.
Financial Instruments: Disclosures (IFRS 7/AC 144)	<ul style="list-style-type: none"> • The municipality needs training and clarification on the impact and requirements of this Standard. 	CFO	AFS 30 June 2009
Income Taxes (IAS 12/AC 102)	<ul style="list-style-type: none"> • Not applicable to this municipality. 		
Employee benefits (IAS 19/AC 116)	<ul style="list-style-type: none"> • The municipality is in the process of preparing the request for quotation for the appointment of actuaries to value all employee benefits. • Once the value of the potential liability is calculated, the municipality must determine a phasing-in policy for the provision of the total liability. 	CFO	Completed
Accounting for Government Grants and Disclosure of Government Assistance (IAS 20/AC 134)	<ul style="list-style-type: none"> • The municipality needs training and clarification on the impact and requirements of this Standard. 	CFO	AFS 30 June 2009
Financial Instruments: Presentation (IAS 32/AC 125)	<ul style="list-style-type: none"> • The municipality needs training and clarification on the impact and requirements of this Standard. 	CFO	AFS 30 June 2009
Impairment of Cash-generating Assets (IAS 36/AC 128)	<ul style="list-style-type: none"> • The municipality needs training and clarification on the impact and requirements of this Standard. 	CFO	AFS 30 June 2010
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	<ul style="list-style-type: none"> • The municipality needs training and clarification on the impact and requirements of this Standard. 	CFO	AFS 30 June 2009
Impairment of non-cash-generating Assets (IPSAS 21)	<ul style="list-style-type: none"> • The municipality needs training and clarification on the impact and requirements of this Standard. 	CFO	AFS 30 June 2010

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