

SOL PLAATJE MUNICIPALITY



CITY OF KIMBERLEY

SOL PLAATJE MUNICIPALITY ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2009

SOL PLAATJE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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**SOL PLAATJE MUNICIPALITY
GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009**

**EXECUTIVE MAYOR
SPEAKER**

Alderman P Everyday
Councillor MK Thole

GRADING OF THE LOCAL AUTHORITY:

Grade 4

AUDITORS:

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BANKERS:

Standard Bank
Old Main Road
Kimberley
8301
Telephone 053-8078215
Fax 053-8078173
P.O. Box 626
Kimberley
8300

REGISTERED OFFICE:

Civic Centre
Jan Smuts Boulevard
Kimberley
8301
Telephone 053-8306911
Fax 053-8331005
Private Bag X5030
Kimberley
8300

MUNICIPAL MANAGER:

Mr TF Mashilo

CHIEF FINANCIAL OFFICERS:

Me ZL Mahloko (Acting)

MEMBERS OF COUNCIL:

Councillor/Alderman

Ward

1 Settley V	11 Nkomo GR	20 Sebege M
2 Fillis DS	12 Morudi GD	21 Louw PJ
3 Williams LE	13 Mafooa LE	22 Pietersen J
4 Mohulatsi KB	14 Afrika MA	23 Voster PJ
5 Sello R	15 Ngobeza WN	24 Smit J
6 Modise ML	16 Nhlapo MG	25 Warner FE
7 Morwe JP	17 Phitlho PM	26 Makopeni LP
8 Ngoma TC	18 Mathe EM	27 De Kock KJ
9 Mbaso W	19 Jabetla AK	28 Swanepoel F
10 Legwabe HP		

Councillor/Alderman

PR

1 Bauser R	10 Kock P	19 Ntlangula A
2 Beylefeld MJ	11 Le Grange M	20 Oliphant J
3 Britz DP	12 Leven MM	21 Sebolai LM
4 Chwarisang M	13 Louw A	22 Seshuwane RG
5 Coutts PA	14 Matsekete LT	23 Steyn JL
6 Damoense EJ	15 Mogoje TT	24 Strauss PAS
7 Diraditsile MV	16 Mogwazeni M	25 Thole MK
8 Everyday P	17 Motsage J	26 Van Der Merwe G
9 Fourie OC	18 Nkomo SM	27 Visagie

SOL PLAATJE MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 41, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

LAM Fouche
Acting Municipal Manager
27 August 2009

**SOL PLAATJE MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		635 207 408	574 135 356
Capital replacement reserve		74 851	7 798 525
Capitalisation reserve		50 648 597	55 295 717
Government grant reserve		317 670 184	269 344 795
Self-insurance reserve		16 733 761	16 611 805
COVID reserve		7 549 079	7 229 485
Accumulated Surplus/(Deficit)		242 530 936	217 855 029
Non-current liabilities		64 956 808	51 835 375
Long-term liabilities	2	64 956 808	51 835 375
Current liabilities		133 319 523	155 956 880
Consumer deposits	4	8 980 853	8 706 501
Creditors	6	73 651 397	58 641 461
Unspent conditional grants and receipts	7	6 429 244	27 552 361
VAT	8	35 014 636	23 562 791
Bank overdraft	18	2 349 909	32 757 359
Current portion of long-term liabilities	2	6 893 483	4 736 406
Total Net Assets and Liabilities		<u>833 483 740</u>	<u>781 927 611</u>
ASSETS			
Non-current assets		534 158 260	486 961 481
Property, plant and equipment	10	534 158 260	486 852 977
Long-term receivables	13	0	108 504
Current assets		299 325 479	294 966 130
Inventory	14	15 791 080	12 859 663
Consumer debtors	15	247 292 854	183 862 386
Other debtors	16	17 923 414	14 592 055
VAT	8	1 453 451	4 132 642
Operating lease asset	51	12 521	26 260
Current portion of long-term debtors	13	113 424	454 388
Bank balances and cash	18	16 738 735	79 038 735
Total Assets		<u>833 483 740</u>	<u>781 927 611</u>

**SOL PLAATJE MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009**

Budget				Actual	
2008 R	2009 R		Note	2009 R	2008 R
REVENUE					
120 800 000	132 000 000	Property rates	19	132 441 486	120 750 409
335 500 000	408 882 947	Service charges	20	406 650 596	330 679 506
10 300 000	10 451 635	Rental of facilities and equipment		10 760 696	10 462 515
8 500 000	8 000 000	Interest earned - external investments	25	5 916 648	11 450 596
49 856 000	42 800 000	Interest earned - outstanding debtors	25	36 334 394	48 051 954
4 450 000	4 533 300	Fines		4 187 923	4 307 087
3 550 000	4 360 000	Licenses and permits		6 425 257	2 622 746
122 137 829	161 906 368	Government grants and subsidies	21	154 780 058	117 247 007
11 500 000	27 873 687	Other income	22	25 385 668	11 808 495
666 593 829	800 807 937	Total Revenue		782 882 726	657 380 316
EXPENDITURE					
222 728 227	262 938 554	Employee related costs	23	259 603 835	227 563 698
9 678 655	10 414 817	Remuneration of Councillors	24	9 573 994	9 607 027
60 000 000	74 000 000	Bad debts	15	74 000 000	60 000 000
1 100 000	1 490 000	Collection costs		1 407 348	1 133 289
31 247 000	34 066 475	Depreciation	50	47 833 480	34 285 535
30 294 000	42 925 186	Repairs and maintenance		52 336 881	32 265 230
6 162 610	8 172 393	Interest paid	25	8 870 789	7 067 967
116 000 000	152 400 000	Bulk purchases	26	143 605 360	112 341 689
610 000	600 000	Grants and subsidies paid	27	300 000	531 368
129 928 508	135 623 036	General expenses	28	124 278 987	109 711 763
607 749 000	722 630 461	Total Expenditure		721 810 673	594 507 566
58 844 829	78 177 476	SURPLUS/(DEFICIT)		61 072 053	62 872 750
0	0	Share of surplus/(deficit) of associate accounted for under the equity method	29	0	0
58 844 829	78 177 476	SURPLUS/(DEFICIT) FOR THE YEAR		61 072 053	62 872 750
Refer to Appendix E(1) for explanation of variances					

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

	Note	Capital Replacement Reserve	Capitalization Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self-Insurance Reserve	COID Reserve	Accumulated Surplus/ (Deficit)	Total
		R	R	R	R	R	R	R	R
2008									
Balance at 1 July 2007	31	12 915 083	61 963 833	231 347 890	18	16 729 389	6 689 268	160 699 779	490 345 260
Change in accounting policy	32							0	0
Correction of error				176	-18			20 917 187	20 917 344
Restated balance		12 915 083	61 963 833	231 348 066	0	16 729 389	6 689 268	181 616 966	511 262 605
Surplus/(deficit) for the year								62 872 751	62 872 751
Transfer to CRR		33 000 000						-33 000 000	0
Property, plant and equipment purchased		-38 116 558						38 116 558	0
Capital grants used to purchase PPE				53 433 994				-53 433 994	0
Contribution to Insurance Reserve						-117 584	540 217	-422 632	0
Offsetting of depreciation			-6 668 116	-15 437 265				22 105 381	0
Balance at 30 June 2008		7 798 525	55 295 717	269 344 795	0	16 611 805	7 229 485	217 855 029	574 135 356
2009									
Change in accounting policy	31							0	0
Correction of error	32							0	0
Restated balance		7 798 525	55 295 717	269 344 795	0	16 611 805	7 229 485	217 855 029	574 135 356
Surplus/(deficit) for the year								61 072 053	61 072 053
Transfer to CRR		10 600 000						-10 600 000	0
Property, plant and equipment purchased		-18 323 674						18 323 674	0
Capital grants used to purchase PPE				66 606 260				-66 606 260	0
Contribution to Insurance Reserve						121 956	319 594	-441 550	0
Offsetting of depreciation			-4 647 120	-18 280 871				22 927 991	0
Balance at 30 JUNE 2009		74 851	50 648 597	317 670 184	0	16 733 761	7 549 079	242 530 936	635 207 408

SOL PLAATJE MUNICIPALITY
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		579 101 444	525 311 944
Cash paid to suppliers and employees		564 896 850	486 308 729
Cash generated by operations	33	14 204 594	<u>39 003 215</u>
Interest received		42 251 042	59 502 550
Interest paid		-8 870 789	-7 067 967
NET CASH FROM OPERATING ACTIVITIES		<u>47 584 847</u>	<u>91 437 798</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-95 138 763	-110 772 395
(Increase)/decrease in long term receivables	13	108 504	14 691 503
NET CASH FROM INVESTING ACTIVITIES		<u>-95 030 259</u>	<u>-96 080 892</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)	2	15 278 510	327 033
Increase in consumer deposits	4	274 352	1 199 065
NET CASH FROM FINANCING ACTIVITIES		<u>15 552 863</u>	<u>1 526 097</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>-31 892 549</u>	<u>-3 116 997</u>
Cash and cash equivalents at the beginning of the year		46 281 376	49 398 373
Cash and cash equivalents at the end of the year	34	14 388 826	46 281 376

**SOL PLAATJE MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1. BASIS OF PRESENTATION

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

The annual financial statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 3 and 5 issued by the ASB in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraphs is therefore as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	Effect 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 from Exchange Transactions
GRAP 10	Financial Reporting in 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
GAMAP 9	Paragraphs relating to Revenue from Non-Exchange Transactions
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure
IPSAS 21	Impairment of Non-Cash-Generating Assets
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an arrangement contains a lease

1.1. CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2008 the municipality complied with the three effective GRAP standards, the eight effective GAMAP standards, all relevant GAAP Standards and all relevant exemptions as set out in Government Gazette 30013, as at that date. For the year ended 30 June 2009 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy are set out below.

As of 1 July 2008 the Municipality changed its accounting policy for the valuation of inventory for consumable stores, raw materials, work-in-progress and finished goods from the weighted average cost method to the first in first out (FIFO) method due to the financial system conversion.

1.2. CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1. Revenue Recognition

Accounting Policy on Revenue from Exchange Transactions and Accounting Policy 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 GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). 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.

1.2.2. Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management.

1.2.3. Impairment of Financial Assets

Accounting Policy on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: Financial Instruments - Recognition and Measurement.

**SOL PLAATJE MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1.2.4. Useful lives of Property, Plant and Equipment

As described in Accounting Policy , the municipality depreciates its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

1.2.5. Impairment: Write down of PPE and Inventories

Significant estimates and judgements are made relating to PPE impairment tests and write down of Inventories to Nett Realisable Values. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

1.3.PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand rounded off to the nearest Rand which is the Municipality's functional currency..

1.4.GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

1.5.OFFSETTING

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

1.6.HOUSING DEVELOPMENT FUND

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

No Housing Development Fund exist presently.

1.7.PROPERTY, PLANT AND EQUIPMENT

1.7.1. Initial and Subsequent Measurement

Property, plant and equipment are initially recognised at cost or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. Subsequently all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured.

1.7.2.Depreciation

Land is not depreciated. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

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

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date. Depreciation only commences when the assets is available for use, unless stated otherwise.

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GAMAP 17 as these requirements were exempted in terms of General Notice 522 of 2007. The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2009, and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3 and ASB Directive 3.

**SOL PLAATJE MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1.7.3.Land

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

1.7.4.Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

1.7.5.Finance Leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1.7.6.Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives.

1.7.7.Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

1.7.8.Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds, and is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

1.7.9.Impairment of Cash generating assets

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance. The municipality assesses at each reporting date whether there is any indication that any items of PPE may be impaired by reviewing external and internal sources of information which indicates that impairment losses may have occurred.

The municipality did not perform impairment testing on its cash generating assets in the previous financial year as required by IAS 36/AC128, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of cash generating assets has been performed for the year ended 30 June 2009 in accordance with the requirements of IAS 36/AC128 and IAS 8.

1.7.10.Impairment of Non-Cash generating assets

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance. The municipality assesses at each reporting date whether there is any indication that any items of PPE may be impaired by reviewing external and internal sources of information which indicates that impairments may have occurred.

The municipality did not perform impairment testing on its non-cash generating assets in the previous financial year as required by IAS 36/AC128, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of non-cash generating assets has been performed for the year ended 30 June 2009 in accordance with the requirements of IPSAS 21.

2.RESERVES

2.1 Capital Replacement Reserve (CRR)

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

2.2 Capitalization Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds that had been utilized for the acquisition of items of property, plant and equipment have been transferred to a Capitalization Reserve. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalization 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 Capitalization Reserve to the accumulated surplus/(deficit). When an item of PPE is disposed, the balance in the CR relating to such items is transferred to the accumulated surplus/(deficit).

2.3 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 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 by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on Government Grant Reserve equals the carrying value of the items of properties, plant and equipment funded from government grants. When an item of PPE financed from government grants is disposed, the balance in the GGR relating to

**SOL PLAATJE MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

2.4 Donations and Public Contributions 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 Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions 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 future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. The balance on the Donations and Public Contributions Reserve equals the carrying value of the item of property, plant and equipment funded from donations and public contributions.

When items of property, plant and equipment are financed from public contributions and donations, the balance relating to such item is transferred to the accumulated surplus/(deficit).

2.5 Self Insurance Reserves - Short Term and Vehicles

The insurance reserves is maintained to cover potential claims or losses that may occur. Premiums are charged to the various directorates and paid into the operating accounts. Re-insurance cover is carried for catastrophic occurrences and is paid by the operating account of the reserve. The surplus or deficit on the operating accounts is transferred to the reserves at year end through the accumulated surplus/(deficit). The insurance reserves is represented by cash or investment.

2.6 COID Reserve - Workmen's Compensation

The municipality has been exempted from making contributions to the compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of the exemption from the commissioner, the municipality has established a COID reserve to cover potential claims from employees.

Premiums are charged to the various directorates and paid into the operating account. The surplus or deficit on the operating account is transferred to the reserve at year end through the accumulated surplus/(deficit). The COID reserves is represented by cash or investment.

2.7 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realized 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 revalued amounts, are credited or charged to the Statement of Financial Performance. No revaluation reserve exist presently as no revaluation has been performed.

3. INTANGIBLE ASSETS

Identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IAS 36.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired.

Amortisation is charged on a straight-line basis over their useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period. Servitudes are therefore not amortised. Intangible assets are annually tested for impairment.

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable amount. The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Costs incurred on intangible assets (other than on computer software, websites and the valuation roll) were expensed and not capitalised in the previous financial year as required by IAS 38 as this requirement was exempted in terms of General Notice 522 of 2007. Although the capitalisation of the costs incurred to establish the valuation roll as an intangible asset was also exempted in the previous financial year in terms of General Notice 522 of 2007, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the capitalisation of the costs incurred to establish the valuation roll as an intangible asset in the previous financial year. Accounted for all costs incurred that meet the intangible asset definition and recognition requirements as intangible assets for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 3.

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4. FINANCIAL INSTRUMENTS

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

4.1 Financial Assets

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

- ◆ Long-term Receivables
- ◆ Consumer Debtors
- ◆ Other Debtors
- ◆ Short-term Investment Deposits
- ◆ Bank Balances and Cash
- ◆ Investments in Fixed Deposits (Banking Institutions, etc)

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments – Stock	Held at fair value through profit or loss
Unlisted Investments – Entities	Available for sale
Unlisted Investments – Joint Ventures	Available for sale
Investments in Associates	Available for sale
Bank Balances and Cash	Available for sale investments
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held to maturity
Call -Short term Investment Deposits	Held to maturity investments

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- ◆ they are classified as held for trading; or
- ◆ upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- ◆ Loans and Receivables;
- ◆ Held-to-Maturity Investments; or
- ◆ Financial Assets at fair value through the Statement of Financial Performance.

Loans and Receivables are financial assets that are created by providing money, goods or services directly to a debtor.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

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.

4.2. 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 on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Long-term Liabilities
- ◆ Consumer Deposits
- ◆ Other Creditors
- ◆ Bank Overdraft
- ◆ Short-term loans
- ◆ Current Portion of Long-term Liabilities
- ◆ VAT

There are two main categories of *Financial Liabilities*, the classification 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')

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognized in the Statement of Financial Performance.

Any other financial liabilities should be classified as financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as "Other financial liabilities".

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4.3 Measurement

Financial instruments were initially measured at cost and not at fair value in the previous financial year as required by IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 in accordance with the requirements of IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 and IAS 8.

4.4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets. If there is such evidence the recoverable amount is estimated and an impairment loss is recognized in accordance with IAS 39.

Accounts Receivable are valued at fair value. An estimate is made for doubtful debt based on a review of all outstanding amounts at year end. Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current. 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 receivables.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable..

4.5 Derecognition of Financial Assets

The municipality derecognizes Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

4.6 Derecognition of Financial Liabilities

The municipality derecognizes Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

4.7. Presentation and disclosure of Financial Instruments

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of the new IAS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 in accordance with the requirements of the new version of IAS 32 and IFRS 7 and IAS 8.

4.8 Risk management of Financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk:

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

Liquidity Risk:

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Risk management of Financial Assets and Liabilities were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Risk management of Financial Assets and Liabilities are presented and disclosed for the financial year ended 30 June 2009 in accordance with the requirements of IFRS 7 and IAS 8.

5. INVESTMENT PROPERTY

5.1 Initial Recognition

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

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

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

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The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

5.2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

6.ASSETS HELD-FOR-SALE

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

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Accounted for the disposal of Non-current assets and Disposal Groups in the previous financial year in accordance with the requirements of GAMAP 17, IAS 38, IAS 40 or IAS 41, as appropriate, and not in accordance with the requirements of IFRS 5 as these requirements were exempted in terms of General Notice 522 of 2007. Accounted for the disposal of Non-current assets and Disposal Groups for the year ended 30 June 2009 in accordance with the requirements of GRAP 100 and ASB Directive 3.

7.REVENUE RECOGNITION

Revenue was initially recognised at cost and not at fair value in the previous financial year as the requirements of GAMAP 9.12 and SAICA circular 09/2006 that the initial measurement of revenue be recognised at fair value through discounting all future receipts using an imputed rate of return have been exempted in terms of General Notice 522 of 2007. Revenue is initially recognised at fair value for the year ended 30 June 2009 through the initial measurement of discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 SAICA circular 09/2006.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

7.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognized as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings for whatever reason, have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognized as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meters cards are recognized at the point of sale. Revenue from the sale of electricity prepaid meter cards is made on an average monthly sale before year end recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Service charges relating to refuse removal are recognized on a monthly basis by applying the approved tariffs by Council per category. Service charges relating to sewerage and sanitation are recognized on a monthly basis by applying the approved tariffs by Council per category. Interest and rentals are recognized on a time proportion basis that takes into account the effective yield on the investment..

Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits. Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income recognized is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognized on a time proportion basis. Revenue from the sale of goods is recognized when all the following conditions are met:

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.

Revenue from public contributions is recognized 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 recognized.

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7.2 Revenue from non-exchange transactions

Revenue from property rates is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. A composite rating system charging different rate tariffs is employed.

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

Donations are recognized 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 available for use.

Contributed property, plant and equipment is recognized when such items are available for use.

Revenue from the recovery of unauthorized, 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 recognized when the recovery thereof is virtually certain.

8.CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognized 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 recognized.

9.PROVISIONS

Provisions are recognized when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

10.EMPLOYEE BENEFITS

10.1 Short term employee benefits

The cost of short term employee benefits is recognized in the statement of financial performance in the financial year during which the payment is made.

Liabilities are raised for short term employee benefits that are unpaid at year-end and are measured at the undiscounted amount that the municipality expects to pay in exchange for that service that had accumulated at the reporting date. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

10.2 Defined Contribution Plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

10.3 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Municipality provides retirement benefits for its employees and councillors in the form of both defined benefit and defined contribution plans.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation.

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued biannually on the projected unit credit method basis. Benefits identified are allocated on a proportional basis to all participating municipalities. The municipality recognizes its proportionate share as a liability which is settled through lump sum payments or increased future contributions.

Defined benefit plan accounting as required by IAS 19 / AC 116 have been exempted for 2007/08 in terms of General Notice 552 of 2007 and had not been applied for the previous or current financial year.

11.LEASES

11.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalized at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognized as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

11.2 The Municipality as Lessor

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

Operating lease rental income is recognized on a straight-line basis over the term of the relevant lease.

11.3 Exemption regarding straight-lining of operating lease payments / receipts in previous financial year

Although the recognition of operating lease payments / receipts on a straight-line basis in accordance with the requirements of IAS 17, if the amounts are recognised on the basis of the cash flows in the lease agreement, has been exempted in the previous financial year in terms of General Notice 522 of 2007, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the recognition of operating lease payments / receipts on a straight-line basis in the previous financial year. Recognised operating lease payments / receipts on a straight-line basis for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 13, GRAP 3 and ASB Directive 3.

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12.BORROWING COST

All borrowing costs were recognised as expenses in the Statement of Financial Performance in the previous financial year in accordance with the requirements of IAS 23. The municipality capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, while other borrowing costs are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2009 in accordance with the requirements of GRAP 5 and ASB Directive 3.

13.GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

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

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

14.VALUE ADDED TAX

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

15.CASH AND CASH EQUIVALENTS

Cash is cash on hand and cash with banks. Cash equivalents are all short-term liquid investments that are held with registered banking institutions with maturities of twelve months or less.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, investments in financial instruments and net of bank overdraft.

Bank overdrafts are recorded based on the facility utilized. Finance charges on bank overdraft are expensed as incurred.

16.UNAUTHORISED EXPENDITURE

Unauthorized 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). Unauthorized 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.

17.INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. In general, the basis of determining cost is the first in first out (FIFO) method.

Water is valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

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 and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Although the classification of immovable capital assets and the capitalisation of pre-purified non-purchased water, that meet the definition and recognition criteria of inventory, as inventories in accordance with the requirements of GAMAP 12 were exempted in the previous financial year in terms of General Notice 522 of 2007, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the classification of immovable capital assets and the capitalisation of pre-purified non-purchased water, that meet the definition and recognition criteria of inventory, as inventories in the previous financial year. Immovable capital assets and pre-purified non-purchased water that meet the definition and recognition criteria of inventory are classified and capitalised as inventories for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 12, GRAP 3 and ASB Directive 3.

18.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), 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 unauthorized 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.

19.FRUITLESS AND WASTEFUL EXPENDITURE

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

20.CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Although the identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective was exempted in the previous financial year in terms of General Notice 522 of 2007, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective in the previous financial year. Identified and disclosed the impact of GRAP standards that have been issued but are not yet effective for the financial

**SOL PLAATJE MUNICIPALITY
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21.FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the prevailing exchange rate on the dates of the transactions.

22.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 of the municipality are those persons, directly and indirectly, having authority and responsibility for planning, directing and controlling the activities of the municipality. Key management 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.

23.EVENTS AFTER THE REPORTING DATE

Adjusting events after reporting date will be accounted for in the annual financial statements, while non adjusting events after the reporting date will be disclosed in the notes to the annual financial statements.

24.COMPARATIVE INFORMATION

24.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements as per new chart of accounts.

24.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

25.CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

SOL PLAATJE MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	0	0
2 LONG-TERM LIABILITIES		
Local Registered Stock Loans	0	0
Annuity Loans	65 238 116	50 337 432
Capitalized Lease Liability	6 612 175	6 234 348
Government Loans : Other	0	0
Sub-total	<u>71 850 291</u>	<u>56 571 781</u>
Less : Current portion transferred to current liabilities	<u>-6 893 483</u>	<u>-4 736 406</u>
Local Registered Stock Loans	0	0
Annuity Loans	-5 449 975	-3 737 487
Capitalized Lease Liability	-1 443 508	-998 919
Government Loans : Other	0	0
Total Long-term Liabilities	<u><u>64 956 808</u></u>	<u><u>51 835 375</u></u>
Refer to Appendix A for more detail on long-term liabilities.		
ANNUITY LOANS		
Bear interest between 10% and 13.12% per annum and are repayable over a period of five to twenty years. R24 000 000 of the Debtors book is ceded to cover a loan of DBSA . Management of the municipality is of the opinion that the carrying value of		
3 NON-CURRENT PROVISIONS		
None	<u>0</u>	<u>0</u>
Total Non-Current Provisions	<u><u>0</u></u>	<u><u>0</u></u>
The Municipality has a present obligation for the future restoration of its landfill site to its original form. The Municipality is currently in the process of determining an accurate estimation of the future cost of restoration. It is		
4 CONSUMER DEPOSITS		
Electricity and water	8 980 853	8 706 501
Total Consumer Deposits	<u><u>8 980 853</u></u>	<u><u>8 706 501</u></u>
No interest is paid to consumers when deposits are refunded.		
Guarantees held in lieu of Electricity and Water Deposits	<u><u>2 404 346</u></u>	<u><u>2 152 867</u></u>
Consumer deposits are paid by consumers on application for new water and		
No interest is paid on consumer deposits held.		
The municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.		
5 PROVISIONS		
Current portion of non-current provisions (see note 3)	<u>0</u>	<u>0</u>
Total Provisions	<u><u>0</u></u>	<u><u>0</u></u>
6 CREDITORS		
Trade creditors	42 953 349	30 742 205
Payments received in advance	14 221 026	9 461 534
Staff leave	11 208 015	14 516 972
Other creditors	5 269 006	3 920 750
Total Creditors	<u><u>73 651 397</u></u>	<u><u>58 641 461</u></u>
The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values. Retentions refer to construction contracts.		
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
7.1 Conditional Grants from other spheres of Government	6 377 864	27 011 829
FM Grant	0	200 082
FBDM Grant	1 977 095	1 376 117
MIG Grants	0	10 124 969
Provincial Grants	<u>4 400 769</u>	<u>15 310 662</u>
7.2 Other Conditional Receipts	51 381	540 532
Lotto Grant	<u>51 381</u>	<u>540 532</u>
Total Conditional Grants and Receipts	<u><u>6 429 244</u></u>	<u><u>27 552 361</u></u>
See Note 21 for reconciliation of grants from other spheres of government. These amounts are invested until utilized.		
8 VAT		
VAT receivable	<u>1 453 451</u>	<u>4 132 642</u>
VAT payable	<u>35 014 636</u>	<u>23 562 791</u>
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously. Interest for		
9 SHORT-TERM LOANS		
none	<u>0</u>	<u>0</u>

10 ASSETS
10.1 PROPERTY, PLANT AND EQUIPMENT
30 June 2009

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Leased Assets	Other	Housing Rental	Total
	R	R	R	R	R	R	R
Carrying values at 1 July 2008	0	356 426 698	56 961 623	5 711 049	67 753 607	0	486 852 977
Cost	0	620 146 195	108 850 196	7 400 212	70 793 544	0	807 190 147
Correction of error (note 32)	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	-263 719 497	-51 888 573	-1 689 163	-3 039 937	0	-320 337 170
- Cost	0	-263 719 497	-51 888 573	-1 689 163	-3 039 937	0	-320 337 170
- Revaluation	0	0	0	0	0	0	0
Acquisitions	0	17 990 814	3 907 975	1 491 287	11 667 445	0	35 057 521
Capital under Construction	0	49 996 001	9 496 634	0	588 607	0	60 081 242
Increases/decreases in revaluation	0	0	0	0	0	0	0
Depreciation	0	-25 341 606	-2 387 739	-1 678 993	-18 425 141	0	-47 833 480
- based on cost	0	-25 341 606	-2 387 739	-1 678 993	-18 425 141	0	-47 833 480
- based on revaluation	0	0	0	0	0	0	0
Carrying value of disposals	0	0	0	0	0	0	0
Cost/revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0
Carrying values at 30 June 2009	0	399 071 907	67 978 492	5 523 344	61 584 518	0	534 158 260
Cost	0	688 133 010	122 254 805	8 891 500	83 049 596	0	902 328 910
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	-289 061 103	-54 276 313	-3 368 156	-21 465 078	0	-368 170 650
- Cost	0	-289 061 103	-54 276 313	-3 368 156	-21 465 078	0	-368 170 650
- Revaluation	0	0	0	0	0	0	0

PROPERTY, PLANT AND EQUIPMENT
30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Leased Assets	Other	Housing Rental	Total
	R	R	R	R	R	R	R
Carrying values at 1 July 2007	0	300 459 971	52 492 810	2 289 296	55 124 040	0	410 366 116
Cost	0	538 649 223	102 261 148	2 842 115	52 665 266	0	696 417 752
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	-238 189 252	-49 768 338	-552 819	2 458 774	0	-286 051 635
- Cost	0	-238 189 252	-49 768 338	-552 819	2 458 774	0	-286 051 635
- Revaluation	0	0	0	0	0	0	0
Acquisitions	0	81 496 972	6 589 048	4 558 097	18 128 278	0	110 772 395
Capital under construction	0	0	0	0	0	0	0
Increases/decreases in revaluation	0	0	0	0	0	0	0
Depreciation	0	-25 530 245	-2 120 235	-1 136 344	-5 498 711	0	-34 285 535
- based on cost	0	-25 530 245	-2 120 235	-1 136 344	-5 498 711	0	-34 285 535
- based on revaluation	0	0	0	0	0	0	0
Carrying value of disposals	0	0	0	0	0	0	0
Cost/revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0
Carrying values at 30 June 2008	0	356 426 698	56 961 623	5 711 049	67 753 607	0	486 852 977
Cost	0	620 146 195	108 850 196	7 400 212	70 793 544	0	807 190 147
Correction of error (note 32)	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	-263 719 497	-51 888 573	-1 689 163	-3 039 937	0	-320 337 170
- Cost	0	-263 719 497	-51 888 573	-1 689 163	-3 039 937	0	-320 337 170
- Revaluation	0	0	0	0	0	0	0

Refer to Appendix B for more detail on property, plant and equipment.

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
11 INVESTMENT PROPERTY		
none	<u>0</u>	<u>0</u>
Refer to note 52 on progress of implementation.		
12 INVESTMENTS		
Total Investments	<u>0</u>	<u>0</u>
13 LONG-TERM RECEIVABLES		
Car loans	<u>113 424</u>	<u>562 893</u>
Less : Current portion transferred to current receivables	<u>113 424</u>	<u>562 893</u>
Car loans	<u>113 424</u>	<u>454 388</u>
Total	<u>0</u>	<u>108 504</u>

CAR LOANS

Staff are entitled to car loans which attract interest at 8% for senior and 10% for junior staff per annum and which are repayable over a maximum period of 6 years. These loans are to be phased out over the next year.

14 INVENTORY

Inventory stores – at cost	15 389 081	12 596 088
Water – at cost	<u>401 999</u>	<u>263 575</u>
Total Inventory	<u>15 791 080</u>	<u>12 859 663</u>

15 CONSUMER DEBTORS

	Gross Balances	Provision for Bad Debts	Net Balance
As at 30 June 2009			
Service debtors	502 980 050	-267 137 160	235 842 890
Rates	65 788 706	-267 137 160	-201 348 454
Electricity	51 022 258		51 022 258
Water	101 141 889		101 141 889
Refuse	36 195 440		36 195 440
Sewerage	43 094 925		43 094 925
Miscellaneous	205 736 832		205 736 832
Market	590 098	0	590 098
Other debtors	0	0	0
Housing debtors	10 859 866	0	10 859 866
Total	<u>514 430 014</u>	<u>-267 137 160</u>	<u>247 292 854</u>
As at 30 June 2008			
Service debtors	368 308 643	-193 137 160	175 171 483
Rates	54 897 028	-193 137 160	-138 240 132
Electricity	45 475 252		45 475 252
Water	87 988 913		87 988 913
Refuse	39 045 110		39 045 110
Sewerage	44 221 657		44 221 657
Miscellaneous	96 680 684		96 680 684
Market	500 459	0	500 459
Other debtors	0	0	0
Housing debtors	8 190 444	0	8 190 444
Total	<u>376 999 546</u>	<u>-193 137 160</u>	<u>183 862 386</u>

The average credit period for consumer debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding

Management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

15 CONSUMER DEBTORS (continued)

	2009	2008
	R	R
Rates: Ageing		
Current (0 – 30 days)	6 514 639	6 565 697
31 - 60 Days	2 292 397	1 665 653
61 - 90 Days	1 752 516	1 391 621
91 - 120 Days	55 229 155	1 199 043
+ 121 Days	0	44 075 014
Total	65 788 706	54 897 028

(Electricity, Water, Refuse and Sewerage): Ageing

Current (0 – 30 days)	31 511 556	30 797 656
31 - 60 Days	14 757 518	7 258 969
61 - 90 Days	9 934 822	6 498 860
91 - 120 Days	175 250 616	6 318 089
+ 121 Days	0	165 857 358
Total	231 454 512	216 730 932

Miscellaneous Services: Ageing

Current (0 – 30 days)	15 692 381	20 385 650
31 - 60 Days	6 339 351	863 575
61 - 90 Days	5 502 514	2 620 181
91 - 120 Days	178 792 683	898 109
+ 121 Days	0	72 413 628
Total	206 326 930	97 181 143

Housing rentals: Ageing

Current (0 – 30 days)	451 829	550 809
31 - 60 Days	364 201	306 243
61 - 90 Days	338 383	295 664
91 - 120 Days	9 705 453	282 504
+ 121 Days	0	6 755 224
Total	10 859 866	8 190 444

**Summary of Debtors by Customer Classification
30 June 2009**

	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 – 30 days)	35 171 399	8 184 836	10 245 136
31 - 60 Days	20 056 807	2 368 788	1 300 618
61 - 90 Days	15 492 795	1 605 230	422 458
91 - 120 Days	361 216 096	45 043 173	13 322 680
+ 121 Days	0	0	0
Total debtors by customer classification	431 937 096	57 202 027	25 290 891

**Summary of Debtors by Customer Classification
30 June 2008**

	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 – 30 days)	43 468 473	7 091 314	3 657 940
31 - 60 Days	9 698 768	870 171	76 374
61 - 90 Days	10 465 164	682 138	168 389
91 - 120 Days	8 607 358	546 407	50 566
+ 121 Days	275 604 556	14 162 342	1 849 586
Total debtors by customer classification	347 844 319	23 352 372	5 802 855

Reconciliation of the Bad Debt provision:-

	2009	2008
	R	R
Balance at the beginning of the year	193 137 160	361 213 325
Contribution to provision	74 000 000	60 000 000
Contribution of surplus/deficit account	0	0
Bad Debt written off against provision	0	-228 076 165
Reversal of provision and other	0	0
Balance at the end of the year	267 137 160	193 137 160

The provision for bad debts was calculated after grouping all the financial assets of similar nature and by calculating the historical payment ratios for the debtors and by assuming that the future payment ratios would be similar to the concentration of credit risk is limited due to the customer base being large. Accordingly, the management believe that there is no further credit provision

16 OTHER DEBTORS

	2009	2008
	R	R
Payments made in advance	0	0
Unauthorized expenditure (see Note 36.1)	0	0
Fruitless and wasteful expenditure (see Note 36.2)	0	0
Miscellaneous	17 923 414	14 592 055
Total Other Debtors	17 923 414	14 592 055

To see the real movement in total debtors note 13, 15 and 16 must be added. Total debtors 2009 : R 532 479 372 (2008 : R392 180 754 ; 2007 : R 533 166 719 ; 2006 : R 485 626 778 ; 2005 : R471 354 925)

Management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
17 CALL INVESTMENT DEPOSITS		
Other Deposits (mature within 12 months)	<u>16 707 808</u>	<u>79 007 808</u>
A fixed deposit of R 2 297 808 was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.		
The allocation of investments:		
Capital replacement reserve	74 851	7 798 525
Insurance reserves	16 733 761	16 611 805
COVID reserves	7 549 079	7 229 485
Unspent grants	6 377 864	27 011 829
Consumer deposits	8 980 853	8 706 501
Cash book overdraft and operating account	<u>-23 008 600</u>	<u>11 649 663</u>
	<u>16 707 808</u>	<u>79 007 808</u>

18 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following main bank accounts:

Current Account (Primary Bank Account)

Standard Bank Kimberley Old Main Road
 Account Number 040065367

Cash book balance at beginning of year / (overdrawn)	-32 757 359	-27 640 442
Cash book balance at end of year / (overdrawn)	-2 349 909	-32 757 359

Primary Bank account 040065367

Bank statement balance at beginning of year / (overdrawn)	4 029 982	668 781
Bank statement balance at end of year / (overdrawn)	7 353 379	4 029 982

Sub account -Resort 040039072

Bank statement balance at beginning of year / (overdrawn)	83 866	-40
Bank statement balance at end of year / (overdrawn)	58 529	83 866

Sub account -Traffic 040036340

Bank statement balance at beginning of year / (overdrawn)	0	0
Bank statement balance at end of year / (overdrawn)	0	0

Sub account -Stores 040065405

Bank statement balance at beginning of year / (overdrawn)	-30	-40
Bank statement balance at end of year / (overdrawn)	-33	-30

Sub account -Salary 040065391

Bank statement balance at beginning of year / (overdrawn)	-4 019	-40 498
Bank statement balance at end of year / (overdrawn)	-33	-4 019

Sub account -Market 040065383

Bank statement balance at beginning of year / (overdrawn)	-30	-40
Bank statement balance at end of year / (overdrawn)	-33	-30

Investments

Savings account - None	0	0
Investments redeemable within 90 days after year end	16 707 808	79 007 808
<u>Petty Cash</u>	30 927	30 927

Management of the municipality is of the opinion that the carrying value of Bank Balances and Cash recorded in the financial statements approximate

19 PROPERTY RATES

<u>Actual</u>		
Residential	59 549 607	49 825 137
Business	32 250 792	29 710 022
Residential Business	3 110 599	2 873 343
Rural	211 105	134 639
Industrial	3 393 148	3 335 171
PSI	1 343 738	0
State	28 453 508	32 320 508
Mining areas	4 128 988	2 551 589
Total Assessment Rates	<u>132 441 486</u>	<u>120 750 409</u>

Property Valuations

	<u>July 2008</u>	<u>July 2007</u>
	<u>R000's</u>	<u>R000's</u>
	<u>Valuations</u>	<u>Valuations</u>
Residential	8 723 457	8 679 028
Business	1 659 674	1 649 886
Residential Business	266 798	274 856
Rural	299 619	283 823
Industrial	116 407	121 726
PSI	694 438	0
State	645 981	1 403 919
Mining areas	3 959	25 660
Exempt	282 928	304 150
Total Property Valuations	<u>12 693 262</u>	<u>12 743 048</u>

Valuations on land and buildings are performed every four years in terms of the MPRA. The last general valuation came into effect on 1 July 2007. Supplementary valuations are processed when necessary to take into account changes in individual property values due to alterations, subdivisions, etc. A general rate of R0.010505 (2007: R0.009273) is applied to valuations to

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

20 SERVICE CHARGES

	2009	2008
	R	R
Sale of electricity	224 336 904	177 559 275
Sale of water	119 111 946	82 100 850
Refuse removal	26 788 032	24 521 027
Sewerage and sanitation charges	36 381 980	33 209 534
Other service charges	31 735	13 288 821
Total Service Charges	<u>406 650 596</u>	<u>330 679 506</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers according to

21 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	78 163 784	60 738 317
Financial Management Grant	950 082	715 720
Frances Baard District Municipality	4 175 948	6 551 792
Provincial Projects	43 738 124	33 982 386
Other subsidies	1 943 151	487 000
Provincial health subsidies	2 184 000	2 070 900
MIG Grant	23 624 969	12 700 893
Total Government Grant and Subsidies	<u>154 780 058</u>	<u>117 247 007</u>

21.1 Equitable Share

This unconditional grant is partly used to subsidise the provision of basic services to registered and verified indigent community members.

21.2 Provincial Health Subsidies

Balance unspent at beginning of year	0	0
Current year receipts - included in public health vote	2 184 000	2 070 900
Conditions met - transferred to revenue	-2 184 000	-2 070 900
Conditions still to be met - transferred to liabilities (see note 7)	<u>0</u>	<u>0</u>

Government and is refunded the gazette amount. This grant has been used exclusively to health services (included in Appendix D).

21.3 MG Grant

Balance unspent at beginning of year	10 124 969	0
Current year receipts	13 500 000	24 109 983
Conditions met - transferred to revenue	-23 624 969	-13 985 015
Conditions still to be met - transferred to liabilities (see note 7)	<u>0</u>	<u>10 124 969</u>

have been withheld.

21.4 Provincial Grant

Balance unspent at beginning of year	15 310 662	4 699 623
Current year receipts	32 828 231	40 454 437
Conditions met - transferred to revenue	-43 738 124	-29 843 398
Conditions still to be met - transferred to liabilities (see note 7)	<u>4 400 769</u>	<u>15 310 662</u>

The grant is spent in accordance with business plans approved by the Provincial Government (included in Appendix B). No funds have been

21.5 Provincial Resort Subsidies

Balance unspent at beginning of year	0	0
Current year receipts	516 000	487 000
Conditions met - transferred to revenue	-516 000	-487 000
Conditions still to be met - transferred to liabilities (see note 7)	<u>0</u>	<u>0</u>

is refunded the gazette amount. This grant has been used exclusively to resort expenditure (included in Appendix D). The conditions of the grant have been met.

21.6 Francis Baard District Municipality Grant

Balance unspent at beginning of year	1 376 117	468 591
Current year receipts	4 776 926	7 459 318
Conditions met - transferred to revenue	-4 175 948	-6 551 792
Conditions still to be met - transferred to liabilities (see note 7)	<u>1 977 095</u>	<u>1 376 117</u>

The grant is spent in accordance with business plans approved by the FBD Municipality (included in Appendix B). No funds have been withheld.

21.7 Financial Management Grant

Balance unspent at beginning of year	200 082	415 801
Current year receipts	750 000	500 000
Conditions met - transferred to revenue	-950 082	-715 720
Conditions still to be met - transferred to liabilities (see note 7)	<u>0</u>	<u>200 082</u>

The grant is spent in accordance with National Treasury guidelines (included in Appendix D). No funds have been withheld.

21.8 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the next two financial years.

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
22 OTHER INCOME		
Other income	25 385 668	11 808 495
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 36)	<u>0</u>	<u>0</u>
Total Other Income	<u>25 385 668</u>	<u>11 808 495</u>
Included in other income is the following:-		
Premiums received and claims recovered	2 835 460	3 048 394
Miscellaneous revenue and sale of goods	<u>11 506 070</u>	<u>7 208 564</u>
	<u>14 341 530</u>	<u>10 256 958</u>

23 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	154 837 428	130 555 417
Employee related costs - Contributions for UIF, pensions and medical aids	44 434 684	36 390 932
Travel and other allowances	42 424 976	44 852 496
Housing subsidy	2 835 569	2 389 964
Overtime payments	8 216 425	7 028 416
Performance bonus	0	0
Long-service awards	6 854 753	6 346 473
Total Employee Related Costs	<u>259 603 835</u>	<u>227 563 698</u>

There were no advances to employees. Loans to employees are set out in note 13.

Remuneration of the Municipal Manager

Annual Remuneration	477 780	441 168
Performance Bonuses	0	0
Car Allowance	227 888	196 014
Medical, pension fund and other allowances	<u>203 499</u>	<u>160 861</u>
Total	<u>909 167</u>	<u>798 043</u>

Remuneration of the Chief Finance Officer

Annual Remuneration	209 232	386 376
Performance Bonuses	0	0
Car Allowance	106 677	170 340
Medical, pension fund and other allowances	<u>72 755</u>	<u>162 324</u>
Total	<u>388 664</u>	<u>719 040</u>

Remuneration of Individual Executive Directors

	<u>Community</u>	<u>Corporate</u>	<u>SED</u>	<u>Technical</u>
	<u>Directorate</u>	<u>Directorate</u>	<u>Directorate</u>	<u>Directorate</u>
	R	R	R	R
Annual Remuneration	0	418 464	418 464	418 704
Performance Bonuses	0	0	0	0
Car Allowance	0	204 375	204 375	204 375
Medical, pension fund and other allowances	0	<u>156 749</u>	<u>160 049</u>	<u>145 158</u>
Total	<u>0</u>	<u>779 588</u>	<u>782 888</u>	<u>768 237</u>

30 June 2008

	<u>Community</u>	<u>Corporate</u>	<u>SED</u>	<u>Technical</u>
	<u>Directorate</u>	<u>Directorate</u>	<u>Directorate</u>	<u>Directorate</u>
	R	R	R	R
Annual Remuneration	310 200	286 376	363 048	386 388
Performance Bonuses	0	0	0	0
Car Allowance	149 502	170 340	170 340	170 344
Medical, pension fund and other allowances	43 140	<u>128 478</u>	<u>128 181</u>	<u>130 092</u>
Total	<u>502 842</u>	<u>585 194</u>	<u>661 569</u>	<u>686 824</u>

The amounts of directors can vary because of different allowances and some of the posts were vacant during the year under review.

The following accrued to key management personnel in terms of IAS 19 as at 30 June:

	2009	2008
	R	R
Staff leave		
Municipal Manager	0	93 651
Chief Financial Officer	0	15 563
Director Community	0	0
Director Corporate	33 351	55 747
Director SED	86 341	43 667
Director Technical	<u>25 271</u>	<u>15 564</u>
Total	<u>144 964</u>	<u>224 192</u>

24 REMUNERATION OF COUNCILLORS

Executive Mayor	434 009	485 203
Speaker	419 150	383 905
Councillors	7 931 147	7 975 143
Councillors' pension contribution	<u>789 689</u>	<u>762 776</u>
Total Councillors' Remuneration	<u>9 573 994</u>	<u>9 607 027</u>

In-kind Benefits

The Executive Mayor and Speaker are full-time. Each is provided with an

25 INTEREST

25.1 Interest paid

Long-term liabilities	8 870 789	7 067 967
Bank overdrafts	<u>0</u>	<u>0</u>
Total Interest on External Borrowings	<u>8 870 789</u>	<u>7 067 967</u>

25.2 Interest earned

External investments	5 916 648	11 450 596
Outstanding debtors	<u>36 334 394</u>	<u>48 051 954</u>
Total Interest Earned	<u>42 251 042</u>	<u>59 502 550</u>

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
26 BULK PURCHASES		
Electricity	125 796 282	91 793 273
Water	17 809 078	20 548 416
Total Bulk Purchases	<u>143 605 360</u>	<u>112 341 689</u>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the

27 GRANTS AND SUBSIDIES PAID

Subsidy paid to SPCA	300 000	260 000
Subsidy to GW Cricket Union	0	271 368
Total Grants and Subsidies	<u>300 000</u>	<u>531 368</u>

The subsidy is to help the GWCU to pay for the provincial cricket lights. The subsidy is paid on an annual basis. The last payment was in August 2007. The subsidy to the SPCA is to assist the municipality to care for stray animals and other related tasks. The subsidy is paid on an annual basis.

28 GENERAL EXPENSES

Included in general expenses is the following:-

28.1 Other:-		
Audit fees	2 161 807	1 522 571
Bank charges	867 619	720 142
Clarification	2 353 413	2 437 016
Course fees /Central training fund	2 260 761	1 707 790
Electricity	14 627 140	12 710 877
Fuel	7 640 315	6 105 665
Indigent subsidy	14 986 851	8 633 707
Legal expenses	846 495	1 335 784
Membership fees	1 062 358	852 164
Postage	1 586 703	1 450 317
Printing and stationary	1 666 237	3 901 647
Professional fees	6 723 001	8 262 527
Projects	20 007 665	14 765 614
Service station	0	934 562
Stores	1 028 274	1 126 591
Telephone expenditure	5 027 924	5 572 834
Transport costs	5 555 595	6 804 761
Water	4 890 499	4 943 811
Ward committee activities	877 298	481 911
	<u>94 169 954</u>	<u>84 270 291</u>
28.2 Net exchange differences		
None	0	0
28.3 Material losses		
None	0	0

29 SURPLUS OF ASSOCIATE

Share of retained profit on the equity method	0	0
---	---	---

30 PRIVATE PUBLIC PARTNERSHIPS

The municipality has no PPP's.

31 CHANGE IN ACCOUNTING POLICY

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2008/2009 in order to comply with the basis of preparation of the Annual Financial

- GRAP 3 : Accounting policies, changes in accounting estimates and errors.
- IFRS 3 (AC 140) : Business combinations
- IFRS 5 (AC 142) : Non-current assets held for sale and discontinued operations
- IFRS 7 (AC 144) : Financial instruments: Disclosures
- IAS 39 (AC 133) : Financial instruments: Recognition and measurement

As of 1 July 2008 the Municipality changed its accounting policy for the valuation of inventory for consumable stores, raw materials, work-in-progress and finished goods from the weighted average cost method to the first in first out method. The comparative amounts have not been restated due to the impracticability of recalculating the inventory values in terms of the first in first out method as at 30 June 2007 and 30 June 2008. The effect of this change in accounting Due to changes in the policy comparative figures can differ from previous years.

32 CORRECTION OF ERROR

32.1 Erroneous expenses and income was identified during the year re previous years:

Unknown Deposits	679 559
-Unknown Deposits (2005/06) corrected in the opening balance of the surplus account and note 6 retrospectively.	-500 784
-Unknown Deposits corrected in the statement of financial performance 2006/07 and notes 6 and 22 retrospectively.	-178 775
-Unknown Deposits (2007/08) corrected in the income, surplus and note 6 and 22 retrospectively.	-327 039
-Advance prepaid meter payment (2006-8) corrected in surplus, debtors and income see notes 6 and 20 retrospectively	-278 548
- Water meters portion not read at year end (2006-8) corrected in surplus, debtors and income see note 16 and 20 retrospectively	3 791 118
- ESI meters portion not read at year end (2006-8) corrected in surplus, debtors and income see note 16 and 20 retrospectively	5 659 657
Correction on Receiver of revenue (vat corrections)	386 151
-Vat claim received re 2004/05 moved to adjust previous year opening balance of the surplus account.	-386 151
-Straight lining of operating lease receivables at year end (2006-8) corrected in surplus, debtors and income see note 16 retrospectively	44 178
-Reclassifying of Finance leases corrected retrospectively see assets, expenditure and note 2 and 10 - (2006-08)	-154 443
-Correcting of leave bonus on year end (2006-8) in surplus, provisions and expenses see notes 5 and 23 retrospectively	-4 103 133
-Correcting of depreciation up to 2007/08	16 285 397
Net effect on surplus/(deficit) for the year	<u>20 917 187</u>

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
33 CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for the year	61 072 053	62 872 750
Investment income	-42 251 042	-59 502 550
(Increase)/decrease in debtors and (written of bad debts)	-137 089 504	-84 874 435
(Increase)/decrease in other debtors	-3 317 619	-9 360 005
(Decrease)/increase in conditional grants and receipts	-21 123 117	21 668 618
Depreciation	47 833 480	34 285 535
Loss on disposal of property, plant and equipment	0	0
Contribution to bad debt provision	74 000 000	60 000 000
Surplus/(Deficit) account adjustments/errors	0	4 631 790
Interest paid	8 870 789	7 067 967
(Increase)/Decrease in inventories	-2 931 417	-3 664 140
(Decrease)/Increase in creditors	15 009 936	12 981 706
(decrease)/Increase in VAT	14 131 036	-7 104 022
Cash generated by/(utilized in) operations	<u>14 204 594</u>	<u>39 003 215</u>
Income for the year	782 882 726	657 380 316
Adjustment for:-		
Investment income	-42 251 042	-59 502 550
(Increase)/decrease in debtors and (written of bad debts)	-137 089 504	-84 874 435
(Increase)/decrease in other debtors	-3 317 619	-9 360 005
(Decrease)/increase in conditional grants and receipts	-21 123 117	21 668 618
Cash receipts from ratepayers, government and other	<u>579 101 444</u>	<u>525 311 944</u>
Expenditure for the year	721 810 673	594 507 566
Adjustment for:-		
Depreciation	47 833 480	34 285 535
Loss on disposal of property, plant and equipment	0	0
Contribution to bad debt provision	74 000 000	60 000 000
Surplus/(Deficit) account adjustments/errors	0	4 631 790
Interest paid	8 870 789	7 067 967
Operating expenditure before working capital changes:	<u>591 106 405</u>	<u>488 522 273</u>
(Increase)/Decrease in inventories	-2 931 417	-3 664 140
(Decrease)/Increase in creditors	15 009 936	12 981 706
(decrease)/Increase in VAT	14 131 036	-7 104 022
Cash paid to suppliers and employees	<u>564 896 850</u>	<u>486 308 729</u>
Cash generated by/(utilized in) operations	<u>14 204 594</u>	<u>39 003 215</u>

34 CASH AND CASH EQUIVALENTS

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

Bank balances and cash	30 927	30 927
Call investment	16 707 808	79 007 808
Bank overdraft	-2 349 909	-32 757 359
Total cash and cash equivalents	<u>14 388 826</u>	<u>46 281 376</u>

35 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 2)	71 850 291	56 571 781
Used to finance property, plant and equipment – at cost	71 850 291	56 571 781
Sub- total	0	0
Cash set aside for the repayment of long-term liabilities	0	0
Cash invested for repayment of long-term liabilities (see note 17)	<u>0</u>	<u>0</u>

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

36 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Unauthorized expenditure

items. This was mainly as a result of the implementation of a new financial system and new GRAP standards. Although certain categories were overspent the total expenditure was within the total approved budget.

omission to adjust the budget.

<u>23 877 095</u>	<u>8 987 690</u>
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36.2 Fruitless and wasteful expenditure

during the year under review.

36.3 Irregular expenditure

under review.

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>37.1 Contributions to organized local government</u>		
Opening balance	0	0
Council subscriptions	1 058 308	836 123
Amount paid - current year	-1 058 308	-836 123
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

37.2 Audit fees

Opening balance	0	0
Current year audit fee	2 161 807	1 522 571
Amount paid - current year	-2 161 807	-1 522 571
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

37.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 8 .
All VAT returns have been submitted by the due date throughout the year.

37.4 PAYE and UIF

Opening balance	0	0
Current year payroll deductions	28 392 405	25 379 433
Amount paid - current year	-28 392 405	-25 379 433
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

37.5 Pension and Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and Council Contributions	61 455 093	53 167 250
Amount paid - current year	-61 455 093	-53 167 250
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

37.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 Days</u>
30th June 2009			
Mollale M	1 464	1 464	0
Ludick HP	2 272	2 272	0
Mthukwana NP	913	913	0
Steyn JL	13 857	0	13 857
Matsekete LT	5 624	1 370	4 254
Mathe EM	4 048	1 105	2 944
De Kock WE	1 100	1 036	64
Motsage J	1 758	572	1 187
Mafooa LE	1 158	0	1 158
Davids I	4 919	4 505	414
Oliphant J	2 613	554	2 059
Total Councillor Arrear Consumer Accounts	39 727	13 791	25 936
30th June 2008			
Damoense EJ	468	468	
De Kock WE	365	365	
Fourie R	1 907	1 168	739
Louw A	62 699	2 045	60 654
Steyn JL	1 205	1 205	
Mazabane V	522	522	
Molale M	169	169	
Ntlhangula A	340	340	
Total Councillor Arrear Consumer Accounts	67 675	6 283	61 392

During the year the following Councillors' had arrear accounts outstanding for more than 90 days:

	<u>Highest Amount Outstanding</u>	<u>Ageing</u>
30th June 2009		
Not available	0	0 days
30th June 2008		
Not available	0	0 days

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

37.7.1 The Municipality had deviated from the procurement policy and it was reported to council (See appendix G)

37.7.2 Awards to close family members of persons in the service of the state:

Name of Supplier	Name	Capacity	Amount
N B Mechanical Sales	S Barnes	Nursing Sister	9 810 456
J C'S Auto Clinique	J Malander	Teacher	0
S&R Enterprises	S Barnes	Nursing Sister	780 492
Sulbrick Kimberley	Mr Suliman	Dept. Housing	0
Irrigation Equipment	B Julius	Demand	250 648
Land Irrigation Suppliers	B Julius	Demand	521 052
Kesmok	Judge Y Mokgoro	Judge	0
Benlin Computers	V Gouws	I T	482 770

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

38 CAPITAL COMMITMENTS

	2009	2008
	R	R
Commitments in respect of capital expenditure:		
- Approved but not yet contracted for	113 199 000	125 706 880
<i>Infrastructure</i>	64 006 000	120 033 880
<i>Community</i>	3 993 000	938 000
<i>Other</i>	45 200 000	4 735 000
Total	113 199 000	125 706 880
This expenditure will be financed from:		
- External Loans	11 826 000	52 850 000
- Capital Replacement Reserve	0	4 000 000
- Government Grants	95 273 000	62 661 880
- Other Grants	0	0
- Own resources	5 100 000	5 000 000
- District Council Grants	1 000 000	1 195 000
	113 199 000	125 706 880

39 RETIREMENT BENEFIT INFORMATION

The 30 June 2008 actuarial valuation of the Cape Joint Pension Fund showed that it was 106.5% (2007 - 107.2%) funded. The 30 June 2008 valuator state that Cape Joint Retirement Fund is in a sound financial condition. The 1 July 2007 actuarial valuation of SALA pension Fund the valuation results showed that it was 110% funded. The valuator recommended that to retain a sound financial position, the employer continues to contribute at the current rate. At the valuation in 2006 SALA pension fund was 106% funded. The actuarial valuator of the Pension Fund for councillors on 30 June 2005 stated that it is in a sound financial position. (In 1999 it was a 100% funded.)

Contributions by Council in respect of Councillor and employees retirement funding have been expended in the year: 23 654 214 23 265 872

40 CONTINGENT LIABILITY

40.1 High Court matters	<u>25 517 553</u>	<u>27 016 529</u>
Various claims and litigation is in process.		
40.2 Litigation and claims	<u>325 280</u>	<u>9 743 464</u>
Various claims and litigation is in process.		
40.3 Various attorney representation	<u>173 394</u>	
Various claims and litigation is in process.		
40.4 Labour matters (SALGBC)	<u>270 000</u>	<u>270 000</u>
A case of unfair promotion is referred to the Labour Court.		
40.5 Magistrate court matters	<u>638 194</u>	<u>226 636</u>
Various cases involving Council.		
Guarantees by Sol Plaatje Municipality in respect of bank housing loans to officials	<u>354 120</u>	<u>734 883</u>

41 CONTINGENT ASSET

41.1 Claim against a seller of electricity coupons
 Legal action has been proceeded against a seller of electricity coupons to the outstanding amount of R629 051-81. The contract with the seller was terminated on 2 December 2005. Interest at prime plus 1% will be calculated as from 1 November 2005.

41.2 Claim against a seller of electricity coupons
 Legal action has been proceeded against a seller of electricity coupons to the outstanding amount of R806 244-61. The contract with the seller was terminated on 30 January 2008. Interest at prime plus 1% will be calculated as from 1 February 2008.

42 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance:
 - None

43 EVENTS AFTER THE REPORTING DATE

Management have not identified any matter or circumstance (adjusting or non-adjusting) since the end of the financial year, that has significantly affected, or may significantly affect, the operations, the results of those operations, or the

44 CONTRACTUAL OBLIGATION

Retention Money (not included in creditors) 5 235 020 3 066 004

45 COMPARISON WITH THE BUDGET

of the Municipality's actual financial performance with that budgeted is set out in Annexures E (1) and E (2).

46 RELATED PARTIES

46.1 Related party relationships exist between the municipality and the following parties:
 Mayor, Speaker and Councillors.
 Close family members of the family of the abovementioned parties.

46.2 Related party transactions

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

Services rendered to related parties:

	Rates	Service Charges	Other	Outstanding Balances
30 June 2009				
Councillors	63 106	178 615	0	39 727
Municipal Manager and Section 57 Personnel	28 889	80 523	0	0
Total	91 995	259 138	0	39 727
30 June 2008				
Councillors	95 297	298 598	0	0
Municipal Manager and Section 57 Personnel	24 108	54 893	0	0
Total	119 405	353 491	0	0

The rates, service and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised. The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for

46.3 The compensation of key management personnel is set out in notes 23

46.4 Related Party Loans

Loans to senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions,

46.5 Other related party transactions

Other related party transactions are reflected in note 37.7.

47 GENERAL INFORMATION

Sol Plaatje Municipality (the municipality) is a local government institution in Kimberley, Northern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the

48 FINANCIAL INSTRUMENTS

48.1 Classification

Financial Assets

In accordance with IAS 39.09 the Financial Assets of the municipality are

Financial asset in statement of financial position

Long-term Receivables

Car Loans

Consumer Debtors

Rates

Electricity

Water

Refuse

Sewerage

Miscellaneous

Market

Housing Debtors

Provision for Bad Debts

Other Debtors

Government Subsidies

Miscellaneous

Current Portion of Long-term Receivables

Car Loans

Short-term Investment Deposits

Call Investment Deposits

Bank Balances and Cash

Cash Floats and Advances

Total Financial Assets

	2009 R	2008 R
Classification		
Loans and receivables	0	108 504
Loans and receivables	65 788 706	54 897 028
Loans and receivables	51 022 258	45 475 252
Loans and receivables	101 141 889	87 988 913
Loans and receivables	36 195 440	39 045 110
Loans and receivables	43 094 925	44 221 657
Loans and receivables	205 736 832	96 680 684
Loans and receivables	590 098	500 459
Loans and receivables	10 859 866	8 190 444
Loans and receivables	-267 137 160	-193 137 160
Loans and receivables	0	0
Loans and receivables	17 923 414	14 592 055
Loans and receivables	113 424	454 388
Held to maturity	16 707 808	79 007 808
Available for sale	30 927	30 927
	<u>282 068 427</u>	<u>278 056 069</u>

Financial liabilities

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows:

Financial liability in statement of financial position

Long-term Liabilities

Annuity Loans

Consumer Deposits

Electricity and Water

Accounts payable

Trade creditors

Payments received in advance

Staff leave

Other creditors

Bank overdraft

Bank overdraft

Unspent Conditional Grants and Receipts

Other Spheres of Government

Other Conditional Receipts

VAT Payable

VAT payable

Current Portion of Long-term Liabilities

Annuity Loans

Total Financial Liabilities

(FVTPL = Fair Value through Profit or Loss):

	2009 R	2008 R
Classification		
Not valued at FVTPL	66 400 316	52 834 294
Not valued at FVTPL	8 980 853	8 706 501
Not valued at FVTPL	42 953 349	30 742 205
Not valued at FVTPL	12 955 242	9 074 994
Not valued at FVTPL	11 208 015	14 516 972
Not valued at FVTPL	5 269 006	3 920 750
Not valued at FVTPL	2 349 909	32 757 359
Not valued at FVTPL	6 377 864	27 011 829
Not valued at FVTPL	51 381	540 532
Not valued at FVTPL	35 014 636	23 562 791
Not valued at FVTPL	5 449 975	3 737 487
	<u>197 010 547</u>	<u>207 405 715</u>

48.2 Fair Value of Financial Instruments

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 30 June 2009, as a result of the short-term maturity of These carrying amounts per classification of financial instrument are shown in

FINANCIAL ASSETS

Held to maturity:

Call Investment Deposits

Loans and Receivables

Long-term Receivables

Consumer Debtors

Other Debtors

Current Portion of Long-term Receivables

Available for Sale

Bank Balances and Cash

Total Financial Assets

FINANCIAL LIABILITIES

Trade and Other Payables:

Long-term Liabilities

Consumer Deposits

Creditors

Bank Overdraft

Unspent Conditional Grants

VAT Payable

Current Portion of Long-term Liabilities

Total Financial Liabilities

Total Financial Instruments

Unrecognised Gain / (Loss)

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The fair value of financial assets and liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment

	2009 Carrying Amount R	2009 Fair Value R	2008 Carrying Amount R	2008 Fair Value R
Held to maturity:	16 707 808	16 707 808	79 007 808	79 007 808
Loans and Receivables	265 329 692	265 329 692	199 017 334	199 017 334
Available for Sale	30 927	30 927	30 927	30 927
Total Financial Assets	<u>282 068 427</u>	<u>282 068 427</u>	<u>278 056 069</u>	<u>278 056 069</u>
FINANCIAL LIABILITIES	197 010 547	197 010 547	207 405 715	207 405 715
Long-term Liabilities	66 400 316	66 400 316	52 834 294	52 834 294
Consumer Deposits	8 980 853	8 980 853	8 706 501	8 706 501
Creditors	72 385 612	72 385 612	58 254 921	58 254 921
Bank Overdraft	2 349 909	2 349 909	32 757 359	32 757 359
Unspent Conditional Grants	6 429 244	6 429 244	27 552 361	27 552 361
VAT Payable	35 014 636	35 014 636	23 562 791	23 562 791
Current Portion of Long-term Liabilities	5 449 975	5 449 975	3 737 487	3 737 487
Total Financial Liabilities	<u>197 010 547</u>	<u>197 010 547</u>	<u>207 405 715</u>	<u>207 405 715</u>
Total Financial Instruments	<u>85 057 880</u>	<u>85 057 880</u>	<u>70 650 354</u>	<u>70 650 354</u>
Unrecognised Gain / (Loss)		<u>0</u>		<u>0</u>

48 FINANCIAL INSTRUMENTS (CONTINUED)

48.3 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

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 2, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as

Gearing Ratio

The gearing ratio at the year-end was as follows:

	2009 R	2008 R
Net Debt	197 010 547	207 405 715
Equity	635 207 408	574 135 356
Net debt to equity ratio	31.02%	36.12%

Debt is defined as Long- and Short-term Liabilities, as detailed in Notes 2 to 9. Assets in the Statement of Financial Position.

48.4 Financial Risk Management Objectives

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, responding to potential risk, reports to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

48.5 Significant Accounting Policies

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

48.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate the manner in which it manages and measures the risk.

48.7 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 Potential concentrations of interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors and bank The municipality limits its counterparty exposures from its investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of

48.8 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in 30 June 2009

Description	Average effective Interest Rate	6 Months	6 - 12	1 - 2	2 - 5	More than	Total
		or less	Months	Years	Years	5 Years	
	%	R	R	R	R	R	R
FIXED RATE INSTRUMENTS							
Bank Facilities		0	36 944	33 881	190 878	64 976 414	65 238 117
Loan No 10112: DBSA	10.00%					15 315 931	15 315 931
Loan No 10113: DBSA	12.00%					13 302 718	13 302 718
Loan No 10616: DBSA	12.00%					5 253 340	5 253 340
Loan No 101452:DBSA	10.91%					12 155 664	12 155 664
Loan No 1 : DBSA	12.61%					5 639 747	5 639 747
Loan No 2 : DBSA	13.12%					6 456 635	6 456 635
Loan No 3 : DBSA	6.75%					2 945 960	2 945 960
Loan No 4 : DBSA	6.75%					3 899 733	3 899 733
Loan No 2 : DBCM	11.25%		1 775				1 775
Loan No 3 : DBCM	11.25%		35 168				35 168
Loan No 4 : DBCM	11.25%			32 618			32 618
Loan No 5 : DBCM	11.25%			1 264			1 264
Loan No 6 : DBCM	11.25%				66 821		66 821
Loan No 7 : DBCM	11.25%				46 684		46 684
Loan No 8 : DBCM	11.25%				68 583		68 583
Loan No 9 : DBCM	11.25%				8 790		8 790
Loan No 10 : DBCM	11.25%					6 686	6 686
Total Fixed Rate Instruments		0	36 944	33 881	190 878	64 976 414	65 238 117
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits		0	16 707 808	0	0	0	16 707 808
Bank Balances and Cash		30 927	0	0	0	0	30 927
Total Variable Rate Instruments		30 927	16 707 808	0	0	0	16 738 735

30 June 2008

Description	Average effective Interest Rate	6 Months	6 - 12	1 - 2	2 - 5	More than	Total
		or less	Months	Years	Years	5 Years	
	%	R	R	R	R	R	R
FIXED RATE INSTRUMENTS							
Bank Facilities		0	9 801	71 740	295 604	49 960 288	50 337 433
Loan No 10112: DBSA	10.00%					17 105 877	17 105 877
Loan No 10113: DBSA	12.00%					14 464 047	14 464 047
Loan No 10616: DBSA	12.00%					5 628 811	5 628 811
Loan No 101452:DBSA	10.91%					12 753 778	12 753 778
Loan No 1 : DBCM	11.25%		9 801				9 801
Loan No 2 : DBCM	11.25%			5 050			5 050
Loan No 3 : DBCM	11.25%			66 690			66 690
Loan No 4 : DBCM	11.25%				51 571		51 571
Loan No 5 : DBCM	11.25%				1 800		1 800
Loan No 6 : DBCM	11.25%				88 833		88 833
Loan No 7 : DBCM	11.25%				59 137		59 137
Loan No 8 : DBCM	11.25%				83 815		83 815
Loan No 9 : DBCM	11.25%				10 448		10 448
Loan No 10 : DBCM	11.25%					7 775	7 775
Total Fixed Rate Instruments		0	9 801	71 740	295 604	49 960 288	50 337 433
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits		0	79 007 808	0	0	0	79 007 808
Bank Balances and Cash		30 927	0	0	0	0	30 927
Total Variable Rate Instruments		30 927	79 007 808	0	0	0	79 038 735

48 FINANCIAL INSTRUMENTS (CONTINUED)

48.9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date

30 June 2009

Description	Average effective Interest Rate	6 Months	6 - 12	1 - 2	2 - 5	More than	Total
		or less	Months	Years	Years	5 Years	
Non-interest Bearing	%	R	R	R	R	R	R
- Consumer Deposits						8 980 853	8 980 853
- Creditors		72 385 612					72 385 612
- Unspent Conditional Grants			6 429 244				6 429 244
- VAT Payable		35 014 636					35 014 636
Variable Interest Rate Instruments							
- Bank Overdraft		2 349 909					2 349 909
Fixed Interest Rate Instruments							
Loan No 10112: DBSA	10.00%	1 686 506	1 686 506	3 373 012	10 119 037	4 093 715	20 958 776
Loan No 10113: DBSA	12.00%	1 390 120	1 390 120	2 780 239	8 340 718	6 474 953	20 376 150
Loan No 10616: DBSA	12.00%	504 931	504 931	1 009 863	3 029 589	3 435 000	8 484 315
Loan No 101452:DBSA	10.91%	987 050	987 050	1 974 100	5 922 299	10 834 167	20 704 665
Loan No 1 : DBSA	12.61%	0	394 193	788 387	2 365 160	11 431 606	14 979 345
Loan No 2 : DBSA	13.12%	753 827	753 827	1 507 653	4 522 960	2 252 901	9 791 167
Loan No 3 : DBSA	6.75%	0	164 284	328 567	985 701	3 121 387	4 599 938
Loan No 4 : DBSA	6.75%	375 658	375 658	751 317	2 253 951	1 125 078	4 881 663
Loan No 2 : DBCM	11.25%	1 877					1 877
Loan No 3 : DBCM	11.25%	19 081	19 081				38 162
Loan No 4 : DBCM	11.25%	12 118	12 118	12 119			36 355
Loan No 5 : DBCM	11.25%	362	362	722			1 446
Loan No 6 : DBCM	11.25%	15 702	15 702	31 403	15 701		78 507
Loan No 7 : DBCM	11.25%	9 383	9 383	18 765	18 762		56 292
Loan No 8 : DBCM	11.25%	12 122	12 122	24 244	36 368		84 857
Loan No 9 : DBCM	11.25%	1 394	1 394	2 789	5 580		11 157
Loan No 10 : DBCM	11.25%	967	967	1 934	4 836		8 704
		115 521 255	12 756 942	12 605 114	37 620 660	51 749 659	230 253 631

30 June 2008

Description	Average effective Interest Rate	6 Months	6 - 12	1 - 2	2 - 5	More than	Total
		or less	Months	Years	Years	5 Years	
Non-interest Bearing						8 706 501	8 706 501
- Consumer Deposits		58 254 921					58 254 921
- Creditors			27 552 361				27 552 361
- Unspent Conditional Grants							
- VAT Payable		23 562 791					23 562 791
Variable Interest Rate Instruments							
- Bank Overdraft		32 757 359					32 757 359
Fixed Interest Rate Instruments							
Loan No 10112: DBSA	10.00%	1 686 506	1 686 506	3 373 012	10 119 037	7 942 453	24 807 514
Loan No 10113: DBSA	12.00%	1 390 120	1 390 120	2 780 239	8 340 718	9 775 260	23 676 456
Loan No 10616: DBSA	12.00%	504 931	504 931	1 009 863	3 029 589	4 490 081	9 539 396
Loan No 101452:DBSA	10.91%	987 050	987 050	1 974 100	5 922 299	12 834 297	22 704 796
Loan No 1 : DBCM	11.25%	5 317	5 318				10 635
Loan No 2 : DBCM	11.25%	1 877	1 877	1 875			5 628
Loan No 3 : DBCM	11.25%	19 081	19 081	38 163			76 325
Loan No 4 : DBCM	11.25%	12 118	12 118	24 237	12 117		60 590
Loan No 5 : DBCM	11.25%	362	362	724	722		2 170
Loan No 6 : DBCM	11.25%	15 702	15 702	31 403	47 105		109 911
Loan No 7 : DBCM	11.25%	9 383	9 383	18 765	37 528		75 058
Loan No 8 : DBCM	11.25%	12 122	12 122	24 244	60 612		109 101
Loan No 9 : DBCM	11.25%	1 394	1 394	2 789	8 368		13 945
Loan No 10 : DBCM	11.25%	967	967	1 934	5 803	966	10 637
		119 222 001	32 199 292	9 281 348	27 583 898	43 749 559	232 036 098

48.10 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.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term

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

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",

Long-term Receivables and Other Debtors are evaluated annually at balance

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is

The table below shows the balance of the 5 major counterparties at the

Counterparty and Location	2009	2008
	R	R
	Carrying Amount	Carrying Amount
Call investment deposits	16 707 808	79 007 808
Department of Housing and Local Government	13 615 606	11 996 061
Promadev PTY (LTD)	1 839 626	1 657 890
Diamond Knitting (PTY) LTD	1 731 040	1 633 077
National Road Agency	8 475 876	1 565 705

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit

The maximum credit and interest risk exposure in respect of the relevant

Long-term Receivables
Consumer Debtors
Other Debtors
Bank and Cash Balances
Call investment deposits

0	108 504
247 292 854	183 862 386
17 923 414	14 592 055
30 927	30 927
16 707 808	79 007 808
281 955 003	277 601 681

Maximum Credit and Interest Risk Exposure

49 STATEMENT OF CHANGES IN NET ASSETS AND ACCUMULATED SURPLUS

The Capital Replacement Reserve is a reserve to finance future capital expenditure. The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation The Donation and Public Contribution Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Capitalisation reserves ensures consumer equity and is not No revaluation reserve was create due to no revaluation of assets. Refer to the Statement of changes in net assets for more detail.

50 DEPRECIATION AND AMORTISATION

	2009 R	2008 R
Depreciation: Property, Plant and Equipment (Refer note 10.1)	47 833 480	34 285 535
Total Depreciation and Amortisation	47 833 480	34 285 535

51 LEASES

51.1 FINANCE LEASE PAYABLES

The Municipality as lessee

Leasing arrangements:

Capitalised Lease Liabilities relate to office equipment with lease terms of between 3 to 5 years (2008: 3 to 5 years). The effective interest rate on finance leases is between 1.51 % and 15.7 % (2008: 1.51 % and 15.7 %).

The obligations under finance leases are scheduled below:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2009 R	2008 R	2009 R	2008 R
Amounts payable under finance leases				
Within one year	3 878 463	3 091 196	1 443 508	998 919
1 to 5 years	8 629 488	9 253 521	5 168 667	5 235 430
More than 5 years	0	0	0	0
	12 507 950	12 344 717	6 612 175	6 234 348
Less: Future finance charges	-5 895 775	-6 110 369		
Present Value of Lease obligations (see note 2)	6 612 175	6 234 348	6 612 175	6 234 348

Less amounts due for settlement within 12 months (current portion)

Amounts due for settlement after 12 months (non-current)

The management of the municipality is of the opinion that the carrying value of Finance Leases approximate their fair values.

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment

Included in these classes are the following significant leases:

(i) Itec Digital Copier

- Instalments are payable monthly in advance
- Average period outstanding 39 months
- Average effective interest rate 4.08 %
- Average monthly instalment 32 000

(ii) Samsung Office Server 500

- Instalments are payable monthly in advance
- Average period outstanding 26 months
- Average effective interest rate 2.67 %
- Average monthly instalment 22 890

51.2 OPERATING LEASES

The Municipality as Lessor:

Leasing arrangements:

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 1 to 10 years. The lessee does not have an option to

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are

Up to 1 year	409 373	412 106
1 to 5 years	618 651	933 912
More than 5 years	32 468	108 427
Total	1 060 492	1 454 445

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a decrease in current year income

Operating leases are recognized on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable Operating Leases the

Accrual as at 30 June

Operating lease payments received	-434 102	-369 853
Operating income recorded	446 623	396 113
Total Operating Lease Assets/(Liabilities)	12 521	26 260

No restrictions have been imposed on the Municipality in terms of the lease agreements.

52 PROGRESS ON IMPLEMENTATION OF EFFECTIVE ACCOUNTING STANDARDS

GRAP 16 - Investment Property, GRAP 102 - Intangible Assets and IAS 19 - Employee Benefits

The Municipality is presently in the process of implementing the provisions of the applicable abovementioned accounting standards. The Municipality has appointed an external service provider in order to expedite the progress on the implementation of these standards. It is expected that the Municipality will fully comply with the provisions of these standards for the financial year ending

APPENDIX A
SOL PLAATJE MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/08	Received during the period	Redeemed written off during the period	Balance at 30/06/09	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
None			0	0	0	0	0	0
Total long-term loans			0	0	0	0	0	0
ANNUITY LOANS							72 600 594	
DBSA Loan @ 10%	10112	31-03-2015	17 105 877		1 789 945	15 315 931		
DBSA Loan @ 12%	10113	31-03-2016	14 464 047		1 161 329	13 302 718		
DBSA Loan @ 12%	10616	31-03-2017	5 628 811		375 472	5 253 340		
DBSA Loan @ 10.91%	101452	31-12-2019	12 753 778		598 114	12 155 664		
DBSA Loan @ 12.61%	1	31-12-2028		5 639 747		5 639 747		
DBSA Loan @ 13.12%	2	31-12-2015		6 770 000	313 365	6 456 635		
DBSA Loan @ 6.75%	3	31-12-2023		2 945 960		2 945 960		
DBSA Loan @ 6.75%	4	31-12-2015		4 171 096	271 363	3 899 733		
Sub total DBSA			49 952 513	19 526 802	4 509 588	64 969 728		
DBCM Loan @ 11.25%	1	31-03-2009	9 801		9 801	0		
DBCM Loan @ 11.25%	2	30-09-2009	5 050		3 275	1 775		
DBCM Loan @ 11.25%	3	31-03-2010	66 690		31 522	35 168		
DBCM Loan @ 11.25%	4	30-09-2010	51 571		18 953	32 618		
DBCM Loan @ 11.25%	5	31-03-2011	1 800		536	1 264		
DBCM Loan @ 11.25%	6	30-09-2011	88 833		22 012	66 821		
DBCM Loan @ 11.25%	7	31-03-2012	59 137		12 453	46 684		
DBCM Loan @ 11.25%	8	30-09-2012	83 815		15 232	68 583		
DBCM Loan @ 11.25%	9	31-03-2013	10 448		1 659	8 790		
DBCM Loan @ 11.25%	10	30-09-2013	7 775		1 089	6 686		
Sub total DBCM			384 919		116 531	268 389		
Total Annuity loans			50 337 432	19 526 802	4 626 118	65 238 116	72 600 594	0
GOVERNMENT LOANS								
- Other			0	0	0	0	0	0
Total Government Loans			0	0	0	0	0	0
LEASE LIABILITY								
Various Finance Leases			6 234 348	1 491 287	1 113 461	6 612 175	5 523 344	0
TOTAL EXTERNAL LOANS			56 571 781	21 018 089	5 739 579	71 850 291	78 123 938	0

APPENDIX B
SOL PLAATJE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land	0	0	0	0	0	0	0	0	0	0
Buildings	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Infrastructure										
Electricity	123 492 785	0	26 094 626		149 587 411	46 223 905	5 279 522		51 503 427	98 083 984
Other	0	3 029 714	2 333 020		5 362 735	0	8 416		8 416	5 354 319
Roads	258 136 649	13 437 405	7 629 045		279 203 100	122 200 451	10 338 157		132 538 608	146 664 492
Sewerage	75 602 429	0	9 747 642		85 350 071	33 261 906	3 007 316		36 269 222	49 080 849
Street lights	0	884 043			884 043	0	2 947		2 947	881 097
Storm water	0	639 651	681 188		1 320 839	0	2 665		2 665	1 318 174
Water	162 914 331	0	3 510 480		166 424 812	62 033 235	6 702 584		68 735 819	97 688 993
	620 146 195	17 990 814	49 996 001	0	688 133 010	263 719 497	25 341 606	0	289 061 103	399 071 907
Community Assets										
Community Buildings	69 764 921		9 337 079		79 102 001	37 303 456	1 372 604		38 676 060	40 425 941
Other	0	2 332 600			2 332 600	0	9 719		9 719	2 322 881
Parks and Gardens	0	1 125 170	159 555		1 284 726	0	3 125		3 125	1 281 600
Recreational Facilities	39 085 273	450 204			39 535 478	14 585 117	1 002 291		15 587 407	23 948 070
	108 850 195	3 907 975	9 496 634	0	122 254 804	51 888 573	2 387 739	0	54 276 312	67 978 492
Heritage Assets										
Historical Buildings	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total carried forward	728 996 390	21 898 789	59 492 635	0	810 387 814	315 608 069	27 729 346	0	343 337 415	467 050 399

APPENDIX B
SOL PLAATJE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost				Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Total brought forward	728 996 390	21 898 789	59 492 635	0	810 387 814	315 608 069	27 729 346	0	343 337 415	467 050 399
Housing Rental Stock										
Housing Rental	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Leased Assets										
Various	7 400 212	1 491 287	0	0	8 891 500	1 689 163	1 678 993	0	3 368 156	5 523 344
	7 400 212	1 491 287	0	0	8 891 500	1 689 163	1 678 993	0	3 368 156	5 523 344
Other Assets										
Bins and Containers	0	20 526			20 526	0	474		474	20 051
Other Buildings	18 975	0	588 607		607 582	9 008	1 839		10 847	596 735
Emergency Equipment	7 413	22 375			29 788	0	4 821		4 821	24 967
Furniture & Fittings	12 279 163	384 445			12 663 608	3 306	5 255 735		5 259 042	7 404 567
Office Equipment	6 963 628	6 317 523			13 281 152	840 698	2 936 099		3 776 798	9 504 354
Kitchen Equipment	959 405	16 718			976 122	489	471 899		472 388	503 734
Landry Equipment	77 108	0			77 108	18 427	15 009		33 435	43 673
Medical Equipment	290 858	0			290 858	2 339	135 170		137 509	153 349
Maintenance Equipment	1 418 632	109 225			1 527 857	276 939	505 429		782 367	745 489
Motor vehicles	42 357 634	4 684 874			47 042 508	1 637 339	7 278 605		8 915 944	38 126 564
Office Equipment	1 505 433	86 321			1 591 754	60 399	862 101		922 500	669 254
Plant and Equipment	0	25 438			25 438	0	283		283	25 155
Software	4 874 444	0			4 874 444	190 993	943 490		1 134 483	3 739 961
Water Craft	40 849	0			40 849	0	14 186		14 186	26 663
	70 793 544	11 667 445	588 607	0	83 049 596	3 039 937	18 425 141	0	21 465 078	61 584 518
Total	807 190 147	35 057 521	60 081 242	0	902 328 910	320 337 170	47 833 480	0	368 170 650	534 158 260

APPENDIX C
SOL PLAATJE MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
AS AT 30 JUNE 2009

Directorate	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive and Council	370 706	57 058	0	0	427 764	5 022	157 822	0	162 844	264 919
Municipal General	751 455	87 425	0	0	838 880	366	235 893	0	236 259	602 621
Municipal Manager	1 541 457	21 519	0	0	1 562 976	252 986	382 098	0	635 084	927 892
Corporate Services	19 102 932	55 724	0	0	19 158 656	8 834 174	1 815 353	0	10 649 528	8 509 128
Community Services	73 640 338	1 877 671	49 864	0	75 567 873	23 535 686	6 687 902	0	30 223 588	45 344 285
Financial Services	15 676 887	6 209 551	588 607	0	22 475 045	1 502 347	3 922 643	0	5 424 991	17 050 055
Strategic and Economic development	45 107 578	37 882	4 428 011	0	49 573 472	15 831 136	2 578 095	0	18 409 231	31 164 240
Infrastructure and Services	650 998 793	26 710 690	55 014 760	0	732 724 244	270 375 451	32 053 673	0	302 429 124	430 295 120
TOTAL	807 190 147	35 057 521	60 081 242	0	902 328 910	320 337 170	47 833 480	0	368 170 649	534 158 261

APPENDIX D
SOL PLAATJE MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
0	14 451 864	-14 451 864	Executive and Council	8 678	19 897 377	-19 888 699
176 200 024	87 857 453	88 342 571	Municipal General	192 321 366	122 472 077	69 849 289
303 879	6 843 331	-6 539 452	Municipal Manager	1 204 849	10 404 619	-9 199 770
1 760 505	31 789 263	-30 028 758	Corporate Services	2 152 507	27 097 684	-24 945 177
16 354 259	82 000 809	-65 646 550	Community Services	20 482 540	94 137 270	-73 654 730
127 457 071	40 838 448	86 618 623	Financial services	140 710 454	49 349 620	91 360 834
5 208 167	19 763 042	-14 554 875	Strategic and Economic Development	8 441 162	22 893 191	-14 452 029
330 096 411	341 873 106	-11 776 695	Infrastructure and Services	417 561 170	404 752 504	12 808 666
<u>657 380 316</u>	<u>625 417 316</u>	<u>31 963 000</u>	Sub Total	<u>782 882 726</u>	<u>751 004 343</u>	<u>31 878 383</u>
	-30 909 751	30 909 751	Less Inter-Dep Charges		-29 193 670	29 193 670
<u>657 380 316</u>	<u>594 507 565</u>	<u>62 872 751</u>	Total	<u>782 882 726</u>	<u>721 810 673</u>	<u>61 072 053</u>
		0	Add: Share of Associate			0
		<u>62 872 751</u>				<u>61 072 053</u>

APPENDIX E(1)

SOL PLAATJE MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	132 441 486	132 000 000	441 486	0%	
Service charges	406 650 596	408 882 947	-2 232 351	-1%	
Rental of facilities and equipment	10 760 696	10 451 635	309 061	3%	
Interest earned - external investments	5 916 648	8 000 000	-2 083 352	-26%	Due to declining interest rate and investment
Interest earned - outstanding debtors	36 334 394	42 800 000	-6 465 606	-15%	Due to declining interest rate
Fines	4 187 923	4 533 300	-345 377	-8%	Due to fines not realizing
Licenses and permits	6 425 257	4 360 000	2 065 257	47%	Due to increase in income
Government grants and subsidies	154 780 058	161 906 368	-7 126 310	-4%	
Other income	25 385 668	27 873 687	-2 488 019	-9%	Various miscellaneous income not realizing
Total Revenue	782 882 726	800 807 937	-17 925 211	-2%	
EXPENDITURE					
Employee related costs	259 603 835	262 938 554	-3 334 719	-1%	
Remuneration of Councillors	9 573 994	10 414 817	-840 823	-8%	Due to vacant positions
Bad debts	74 000 000	74 000 000	0	0%	
Collection costs	1 407 348	1 490 000	-82 652	-6%	
Depreciation	47 833 480	34 066 475	13 767 005	40%	Implementation of new system and grap standards
Repairs and maintenance	52 336 881	42 925 186	9 411 695	22%	Due to deficits on costing accounts
Interest on external borrowings	8 870 789	8 172 393	698 396	9%	Implementation grap standards
Bulk purchases	143 605 360	152 400 000	-8 794 640	-6%	
Grants and subsidies paid	300 000	600 000	-300 000	-50%	Due to public grants not made
General expenses - other	124 278 987	135 623 036	-11 344 049	-8%	Due to savings drive
Total Expenditure	721 810 673	722 630 461	-819 788	0%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	61 072 053	78 177 476	-17 105 423	-22%	<i>Due to grants not realizing</i>

APPENDIX E(2)

(ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive and Council	57 058	0	57 058	58 000	-942	-2%	
Municipal General	87 425	0	87 425	88 000	-575	-1%	
Municipal Manager	21 519	0	21 519	22 000	-481	0%	
Corporate Services	55 724	0	55 724	56 000	-276	0%	
Community Services	1 877 671	49 864	1 927 535	2 590 533	-662 998	-26%	Roll over of new cemetery project
Financial Services	6 209 551	588 607	6 798 158	6 835 000	-36 842	-1%	
Strategic and Economic development	37 882	4 428 011	4 465 893	4 480 200	-14 307	0%	
Infrastructure and Services	26 710 690	55 014 760	81 725 451	123 596 607	-41 871 157	-34%	Roll over of various project - Hall street, meters and Gurp
TOTAL	35 057 521	60 081 242	95 138 763	137 726 340	-42 587 577	-31%	

APPENDIX F
SOL PLAATJE MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Grants and Subsidies received for the year ended 30 June 2009

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework in the	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Enviromental Health	Provincial	197 000	197 000	0	198 000	Late Payment. Revenue accrued.	Yes	None
Library Services	Provincial	938 000	938 000	0	938 000	None	Yes	None
Primary Health	Provincial	1 987 000	1 987 000	0	1 989 000	Late Payment. Revenue accrued.	Yes	None
Subsidy Resort	Provincial	516 000	516 000	516 000	516 000	Payment not yet received. Revenue	Yes	None
Equitable Share	National	78 163 784	N/A	0	78 163 784	None	Yes	None
Financial Management Grant	National	750 000	950 082	0	750 000	None	Yes	None
MIG	National	13 500 000	23 624 969	0	13 500 000	Regazzeted	Yes	None
MSIP	National	735 000	588 607	0	735 000	None	Yes	None
Frances Baard Municipality	Municipality	4 776 925	4 175 948	0	N/A	None	N/A	None
Provincial projects	Provincial	32 093 231	43 149 517	6 546 832	10 000 000	Conditions not yet met	Yes	None
Lotto	Lotto	0	489 151	0	N/A	None	Yes	None
Total		133 656 940	76 616 273	7 062 832	106 789 784			

APPENDIX G
SOL PLAATJE MUNICIPALITY: DISCLOSURES OF DEVIATIONS FROM PROCUREMENT POLICY
FOR THE YEAR ENDED 30 JUNE 2009

No.	Service Provider	Service Rendered / Product Purchased	Financial Implications	Line Manager	Motivation
1	Nugen Communications	Urgent installation of phones	39 842	M.M. Pamla	An Emergency/Sole provider
2	Steel & Pipes	Panels & Posts	319 530	D. Lang	Sole Provider
3	Land Irrigation Suppliers	Supply grass sprigs	39 900	D. Lang	Sole Provider
4	Steel Pipes (Pty) LTD NC	Sliding Gate Track	112 462	D. Lang	Sole Provider
5	Chi-nne trading and Projects cc	Provided a Printer	212 259	H. Maronga	Exceptional cases
6	Babcock Equipment	Supply of bomag	75 829	MP Arthur	Babcock equipment
7	Artist Warehouse	Performance by Bhala Brothers	64 400	P Sithole	Exceptional cases
8	M Technologies cc	Urgent replacement of an audio visual system	787 234	M Ntlangani	Exceptional cases
9	Durcharme Consulting (Pty)Ltd	Audit Intervention Strategy	180 435	ZL Mahloko	Exceptional cases
10	Steel & Pipes R420902.82	Breaking new ground	735 976	M Mguza	Exceptional cases
	Nkwe Plum & Build, R21174.18				
	Nelson Construction R293898.75				
11	Ejarden Entertainment	Selection of an artist	108 300	MW Pretorius	Exceptional cases
12	K-Sap-Solution cc	Urgent need for an audit assignment	44 437	F Scheepers	An Emergency
13	Woodrow Engineering Sales	Emergency work required at homevale sewer	1 966 816	B Dhlwayo	An Emergency
14	C-PAC	Repair of HLP 10	875 825	Sh Coetzee/W	An Emergency
15	Teemaneng Pumps & Rewind	Emergency maintenance work at Homevale Waste Treatment Works	574 586	B Dhlwayo	An Emergency
16	Nelson Construction &	China Square (bng) Government Initiative)	33 784	P M Mguza	An Emergency
	Nkwe Plum & Build		53 778		Exceptional Cases
17	Vuyokazi Moloabi (Igugu)	China Square Housing Project	27 911	P M Mguza	An Emergency
18	Peter Agency	China Square (Breaking New Ground)	93 108	P M Mguza	An emergency and exceptional cases
	Weird		129 547		An emergency and exceptional cases
	Kotze		23 625		An emergency and exceptional cases
	Galeshewe Glassworks		8 151		An emergency and exceptional cases
	SJC Glassworks		11 913		An emergency and exceptional cases
	Nelson Construction		93 998		An emergency and exceptional cases
19	Bradys	Advert for A4 full color page	30 763	N Poolo	Sole Provider
20	Kimberley Clothing	Buying clothes for Saimsa games	44 256	OG Manong	An Emergency
21	Muslim Butchery	Year end function	51 000	T Pretorius	Exceptional cases
22	Teloc (pty)ltd	Hiring of truck	79 880	MG Mills	An Emergency
23	Northern Lights Trading 151	Procure the 1000 food parcel	310 000	N Moatswi	Exceptional
24	Super Armature Winding Africa	Maintanance of Motor	294 238	S Coetzee	Work of Art/historical object and an emergency
25	Lexis Nexis	Amendments in the road traffic	53 176	CFM Langford	Sole Sole Provider
26	Ton Arts + Signs	Preparation for 16 days of activism	92 135	KV Sebusi	Exceptional cases
27	DB Patents	Preparation for the 16 days of activism	43 229	KV Sebusi	Exceptional cases
28	DB Patents	Preparations for the 16 days of activism	39 900	KV Sebusi	Exceptional
29	Senzonhle Enterprise	Preparations for the 16 days of activism	30 000	KV Sebusi	Exceptional cases
30	Thabong Caterers	Preparations for the 16 days of activism	30 000	KV Sebusi	
31	Thepa Trading	Cosafa Games	130 600	N Poolo	An Emergency
32	Ray's Electrical	Cosafa Games	62 500	Municipal Manager	An Emergency
33	Tshireletso Security Services	Hiring of security Guard	414 504	W Swiegers/B	An emergency and exceptional cases
34	Teemaneng Pumps	Repair and Installation of the valve	273 243	W Swiegers/ G	An emergency and exceptional cases
35	Roburn Construction 11 Trust	Road Repair	31 228	D H Leeuw	An Emergency
36	Barloworld Equipment	Replacement of a moldboard	55 450	P Gray	Sole Provider
37	Seasons Finds CC	Cleaning Project	44 700	A Phetho	An Emergency
38	Conlog	Immediate replacement of meters	191 007	D Mooketsi	Exceptional
39	Bell Machine	Bell Machine	47 483	P Gray	Sole Provider
40	Babcock Equipment	Bomag & Spares	75 829	D Jacobs	Sole Provider
41	Lounge Lizard	Buying of Furniture for Council Chamber	33 600	Lebogang Suipers	Exceptional cases
42	C-Pac P Pumps & Valves	Repair Pumps	473 789	Garrett Corns	An Emergency
43	Mpho's Catering	Catering for the Mourners	48 000	N Moatswi	Exceptional cases
44	Zinnia Trading 512	Catering Company was appointed to cater at all voting stations	52 500	N Moatswi	An emergency and exceptional cases
45	Ekhaya	Catering for the invited guest	119 586	N Moatswi	Exceptional cases