

FRANCES BAARD

DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS
30 JUNE 2012

FRANCES BAARD DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2012

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GENERAL INFORMATION

GENERAL INFORMATION

1. GRADING

Grade 4 – Category C.

Council is accorded the same grading as the largest Category B municipality in the district, namely Sol Plaatje Municipality, which is a Grade 4 local authority in terms of the Public Office Bearers Act. According to the South African Local Government Bargaining Council, the District Municipality has been graded as level two in respect of the TASK.

2. AUDITORS

2.1. External Auditors

The Office of the Auditor-General
Private Bag X5013
KIMBERLEY

2.2. Internal Auditors

The Internal Audit section is fully staffed and operational according to council policy. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.

2.3. Members of the Audit Committee

Mr. H Ogu	Chairperson
Mr. AKM Bhyat	
Mr. TC Marumo	

3. BANKERS

Absa Bank	<u>Type of Account:</u>	Current Account
80 Bultfontein Rd	<u>Account Number:</u>	940 000 327
KIMBERLEY		

4. REGISTERED OFFICE

Frances Baard District Municipality
51 Drakensberg Avenue
CARTERS GLEN 8301

Private Bag X6088
KIMBERLEY 8300

5. GENERAL ACTIVITIES

Council undertakes the spectrum of a Category C municipality's activities allocated by legislation.

6. COUNCILLORS

Council's structure is based on the Executive Mayoral System, Incorporating:

*District Management Area; and
Category B Municipalities—*

- Sol Plaatje : Grade 4
- Phokwane : Grade 2
- Dikgatlong : Grade 2
- Magareng : Grade 2

6.1. Executive Mayor of District Municipality: (As at 30 June 2012)

Ms. MM Moloi Proportional

6.2 Speaker of District Municipality: (As at 30 June 2012)

Mr BM Maribe Proportional

6.3 *Members of the Mayoral Committee: (As at 30 June 2012)*

Ms MM Moloi (Chairperson)	Proportional
Mr. W Johnson	Proportional
Ms. PR Molefi	Proportional
Ms. TNicholas	Proportional
Mr. K Rifles	Dikgatlong Municipality
Mr. MB Silingile	Proportional

6.4 *Ordinary Council Members: (As at 30 June 2012)*

Ms. EK Hale	Sol Plaatje Municipality
Ms. EM Mathe	Sol Plaatje Municipality
Mr. JZ Mpampi	Sol Plaatje Municipality
Mr. TC Ngoma	Sol Plaatje Municipality
Mr. MG Nhlapo	Sol Plaatje Municipality
Mr. B Springbok	Sol Plaatje Municipality
Ms. ET Tsimakwane	Sol Plaatje Municipality
Mr. OC Fourie	Sol Plaatje Municipality
Mr. PJ Vorster	Sol Plaatje Municipality
Mr. DJP v d Merwe	Sol Plaatje Municipality
Ms. KG Mthukwane	Sol Plaatje Municipality
Ms. S Witkoei	Dikgatlong Municipality
Mr. CJS Adams	Phokwane Municipality
Ms. AO Moremong	Phokwane Municipality
Mr. DF Meyer	Phokwane Municipality
Ms. VB Ximba	Magareng Municipality
Mr. M Kaars	Proportional
Ms. GR Kok	Proportional
Mr. MI Pholoholo	Proportional
Mr. J Smit	Proportional

7. MANAGEMENT STRUCTURE

Council's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.

Acting Municipal Manager

Ms. ZM Bogatsu is currently acting as Municipal Manager since January 2012.

Director: Administration

Ms. NG Kgantsi
M. Public Admin

Director: Infrastructure Services

Mr. PJ van der Walt
B.Sc.Eng; M.Eng.(Civil); ECSA

Director: Finance

Mr. P.J van Biljon
B.A; Nat Dipl.; (AIMFO)

Director: Planning & Development

Mr. FS Mdee
M. Civil Design

7. CERTIFYING OF FINANCIAL STATEMENTS

I am responsible for the preparation of these financial statements, which are set out on pages AP-1 to AP-29 and FS-1 to FS-80, 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 25 of these financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Cooperative Governance, Human Settlement & Traditional Affairs' determination in accordance with this Act.

ZM Bogatsu
ACTING MUNICIPAL MANAGER

DATE: 31 August 2012

AUDITOR GENERAL REPORT

**REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL
LEGISLATURE AND THE COUNCIL ON THE FRANCES BAARD DISTRICT MUNICIPALITY
REPORT ON THE FINANCIAL STATEMENTS**

Introduction

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

Accounting officer's responsibility for the financial statements

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

Auditor-General's responsibility

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

Opinion

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

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material devaluation

8. As disclosed in note 7.2 to the financial statements, the municipality revalued land and buildings, resulting in a net decrease in the carrying amount of R2 876 313. The main contributor to the reduction in the revaluation amounts was the devaluation of the new council chambers building with R18 529 246.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

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

Compliance with laws and regulations

14. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Procurement and contract management

15. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Supply Chain Management Regulation 13(c).

Internal audit

16. The internal audit unit did not audit the performance measurements on a continuous basis, as required by Municipal Planning and Performance Management Regulation 14(1)(c).

Internal control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

18. The information technology (IT) manager did not implement processes to ensure awareness of all IT policies and procedures.
19. An IT governance framework for the municipality was recently developed but was awaiting final approval by the council. A risk therefore existed that the IT strategies were not aligned to the strategic goals of the municipality.

Governance

20. The internal audit unit did not on a quarterly basis audit and report on predetermined objectives and compliance related to this activity due to inadequate capacity to undertake this part of the annual audit plan.

Auditor General
Kimberley

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACCOUNTING POLICIES

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

The standards are summarised as follows:

GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 101	Agriculture
GRAP 102	Intangible assets
IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
IAS 19 (AC116)	Employee Benefits
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

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

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011

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

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

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

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

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

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

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

GRAP 12 – Inventories

GRAP 16 – Investment Property

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GRAP 17 – Property, Plant and Equipment

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

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

GRAP 102 – Intangible Assets

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

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

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

1.5. MATERIALITY

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

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.7. RESERVES

1.7.1 Capital Replacement Reserve (CRR)

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

1.7.2 Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.8. LEASES

1.8.1 Municipality as Lessee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.8.2 Municipality as Lessor

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

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

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.11. PROVISIONS

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.12. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

(b) *Long Service awards*

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

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

(c) *Ex gratia Gratuities*

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

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

(d) *Accrued Leave Pay*

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

(e) *Staff Bonuses*

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

(f) *Performance bonuses*

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

(g) *Pension and retirement fund obligations*

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

1.13. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

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

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

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

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

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

1.14.2 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Property, Plant and Equipment are carried at a revalued amount, unless otherwise stated in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.14.3 Subsequent Measurement – Cost Model

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

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

1.14.4 Depreciation and Impairment

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

	<i>Years</i>		<i>Years</i>
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	5-100
Pedestrian Malls	30	Specialist vehicles	5-30
Electricity	20-30	Other vehicles	5-20
Water	15-20	Office equipment	3-30
Sewerage	15-20	Furniture and fittings	3-30
Housing	30	Watercraft	15
		Bins and containers	5-10
<u>Community</u>		Specialised plant and	
Buildings	5-100	Equipment	10-30
Recreational Facilities	20-30	Other plant and	
Security	5-15	Equipment	2-30
Halls	10-30	Landfill sites	5-30
Libraries	10-30	Quarries	25
Parks and gardens	10-20	Emergency equipment	5-30
Other assets	10-20	Computer equipment	2-30

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Finance lease assets

Office equipment	3
Other assets	5

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

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

1.14.5 De-recognition

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

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

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

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

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Amortisation and Impairment

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5 - 10
Computer Software Licenses	5 - 10

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.15.4 De-recognition

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

1.15.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Depreciation and Impairment

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

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

1.16.4 De-recognition

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

1.16.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

1.17. NON-CURRENT ASSETS HELD FOR SALE

1.17.1 Initial Recognition

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.17.2 Subsequent Measurement

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

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

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

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

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

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

1.18.2 Non-cash-generating assets

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.19. NON CURRENT INVESTMENTS

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

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

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

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

1.20. INVENTORIES

1.20.1 Initial Recognition

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

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

1.20.2 Subsequent Measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

1.21 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

1.21.1 Initial Recognition

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

1.21.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.2 Trade and Other Receivables

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

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

1.21.2.3 Trade and Other Payables and Annuity Loans

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

1.21.2.4 Cash and Cash Equivalents

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

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

1.21.3 De-recognition of Financial Instruments

1.21.3.1 Financial Assets

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

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

1.21.3.2 Financial Liabilities

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

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

1.21.4 Offsetting of Financial Instruments

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

1.22 REVENUE

1.22.1 Revenue from Non-Exchange Transactions

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

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

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

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

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

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

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

1.22.2 Revenue from Exchange Transactions

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

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

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

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

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

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

1.23. RELATED PARTIES

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

Related parties include:

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

Key management personnel include:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.24. UNAUTHORISED EXPENDITURE

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

1.25. IRREGULAR EXPENDITURE

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

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.27. CONTINGENT LIABILITIES

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

Management judgement is required when recognising and measuring contingent liabilities.

1.28. PRESENTATION OF BUDGET INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

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

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

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

Intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

Investment Property

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

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

Provisions and contingent liabilities

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

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

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

1.30. TAXES – VALUE ADDED TAX

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

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.31. AMENDED DISCLOSURE POLICY

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

FINANCIAL STATEMENTS

30 JUNE 2012

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED ON 30 JUNE 2012

	Note	2012 R	2011 R
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets		90 926 238	86 409 607
Capital Replacement Reserve		5 522 089	4 411 867
Government Grant Reserve		-	-
Revaluation Reserve		21 379 051	5 828 305
Accumulated Surplus / (Deficit)		64 025 098	76 169 435
Non-current Liabilities		34 011 930	32 913 606
Long-Term Liabilities	1	11 485 678	12 814 927
Employee Benefits	2	22 526 252	20 098 679
Current Liabilities		14 904 756	13 516 295
Current Employee Benefits	3	6 024 487	5 228 584
Trade Payables from Exchange Transactions	4	5 368 725	2 267 558
Unspent Conditional Grants and Receipts	5	2 178 633	4 727 383
Operating Lease Liability	6.1	-	-
Current Portion of Long-term Liabilities	1	1 332 911	1 292 770
TOTAL: NET ASSETS AND LIABILITIES		139 842 924	132 839 508
<u>ASSETS</u>			
Non-current Assets		47 500 516	52 407 097
Property, Plant and Equipment	7	46 530 537.32	51 574 304
Non-Current Assets Held for Sale	8	75 154.88	-
Investment Property	10	-	-
Intangible Assets	11	894 823	832 793
Financial Assets	12	-	-
Long-term Receivables	13	-	-
Current Assets		92 342 409	80 432 411
Taxes	14	1 189 493	1 489 596
Trade Receivables from Exchange Transactions	15	-	-
Trade Receivables from Non-Exchange Transactions	16	1 680 585	2 184 489
Operating Lease Asset	6.2	8 241	9 383
Inventory	18	349 926	370 274
Current Portion of Long-term Receivables	13	-	-
Discontinued Operations	9	-	344 298
Current Financial Assets	12	2 900 000	2 906 218
Cash and Cash Equivalents	19	86 214 164	73 128 152
TOTAL: ASSETS		139 842 924	132 839 508

FRANCES BAARD DISTRICT MUNICIPALITY

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

Budget		Actual		
2012 R	2011 R	Note	2012 R	2011 R
REVENUE				
101 408 600	105 307 940	Revenue from Non-Exchange Transactions	89 164 529	90 506 744
-	386 740	Taxation Revenue	-	-
-	384 740	Property Rates - DMA	-	-
-	2 000	Property rates - penalties imposed and collection charges	-	-
101 408 600	104 921 200	Transfer Revenue	88 913 873	90 264 456
67 645 000	62 056 000	Regional Service Levy Replacement Grant	67 645 000	62 056 000
33 763 600	42 865 200	Government grants and subsidies	21 148 873	28 208 456
		Public contributions	120 000	-
-	-	Other Revenue	250 656	242 288
-	-	Fines	-	-
-	-	Actuarial Gains	250 656	242 288
5 913 400	7 426 770	Revenue from Exchange Transactions	6 081 012	7 335 653
-	14 450	Service charges	-	-
90 000	50 000	Rental of facilities and equipment	507 491	254 499
4 878 000	5 580 000	Interest earned - external investments	5 491 386	5 337 922
	590 000	Income for agency services	-	685 046
80 000	90 000	Gains on disposal of property, plant and equipment	-	302 302
865 400	1 102 320	Other income	82 135	755 884
107 322 000	112 734 710	Total Revenue	95 245 541	97 842 397
EXPENDITURE				
38 474 990	37 744 320	Employee related costs	33 908 509	31 783 065
5 521 430	4 550 380	Remuneration of Councilors	4 595 182	4 315 775
3 000	115 500	Bad debts	-	580 000
3 625 550	3 357 600	Depreciation / Impairment	22 441 406	3 368 524
		Amortisation	121 078	111 012
		Actuarial Losses	1 514 214	655 877
3 427 150	2 648 300	Repairs and maintenance	2 313 608	2 679 743
		Finance Charges - Employee Benefits	1 742 832	1 786 691
2 015 410	1 637 430	Finance Charges	1 516 165	1 641 000
-	13 750	Bulk purchases	-	-
-	5 567 760	Contracted services	2 512 257	1 462 860
42 664 050	51 444 689	Grants and subsidies paid	26 381 679	28 326 868
15 686 670	12 161 855	General expenses	8 603 546	7 838 782
-	-	Loss on disposal of property, plant and equipment	615 192	48 246
-	-	Changes in Fair Value	-	-
111 418 250	119 241 584	Total Expenditure	106 265 668	84 598 443
(4 096 250)	(6 506 874)	SURPLUS / (DEFICIT) FOR THE YEAR	(11 020 127)	13 243 954
-	-	Discontinued operations	-	428 377
-	-	Revenue	(251 593)	(48 903)
		Expenditure		
(4 096 250)	(6 506 874)	NET SURPLUS / (DEFICIT) FOR THE YEAR	(11 271 720)	13 623 428

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED ON 30 JUNE 2012

	Capital Replacement Reserve R	Government Grant Reserve R	Revaluation Reserve R	Accumulated surplus (Deficit) R	Total R
2011					
Balance at 1 July 2010	3 652 491	-	6 065 911	62 896 454	72 016 942
Change in Accounting Policy - Note 33	-	-	-	-	-
Prior year errors - Note 32	-	-	-	171 325	171 325
Restated balance at 1 July 2010	3 652 491	-	6 065 911	63 067 778	72 188 267
Surplus/(deficit) for the year	-	-	-	13 623 428	13 623 428
Revaluation of Land & Buildings	-	-	-	-	-
Transfer to Capital Replacement Reserve	4 415 020	-	-	(4 415 020)	-
Property, plant and equipment purchased	(3 655 643)	-	-	3 655 643	-
Capital grants used to purchase Property Plant & Equipment	-	-	-	-	-
Donated/contributed Property Plant & Equipment	-	-	-	-	-
Asset disposals	-	-	-	-	-
Offsetting of depreciation	-	-	(237 605)	237 605	-
BALANCE AT 30 JUNE 2011	4 411 867	-	5 828 305	76 169 435	85 811 694
2011					
Correction of error (Note 32)	-	-	-	-	-
Change in accounting policy (Note 33)	-	-	-	-	-
RESTATED BALANCE	4 411 867	-	5 828 305	76 169 435	85 811 694
2012					
Surplus/(deficit) for the year	-	-	-	(11 271 720)	(11 271 720)
Revaluation of Land & Buildings	-	-	15 788 351	-	15 788 351
Transfer to Capital Replacement Reserve	3 450 000	-	-	(3 450 000)	-
Property, plant and equipment purchased	(2 339 778)	-	-	2 339 778	-
Capital grants used to purchase Property Plant & Equipment	-	-	-	-	-
Donated/contributed Property Plant & Equipment	-	-	-	-	-
Asset disposals	-	-	-	-	-
Offsetting of depreciation	-	-	(237 605)	237 605	-
BALANCE AT 30 JUNE 2012	5 522 089	-	21 379 051	64 025 098	90 328 325

FRANCES BAARD DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30 JUNE 2012

	Note	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		1 636 851	2 455 429
Government grants		86 365 123	89 947 488
Interest		5 491 386	5 337 922
Dividends			-
Payments			
Suppliers and employees		(48 844 951)	(52 431 372)
Finance charges		(1 516 165)	(1 641 000)
Transfers and Grants		(26 381 679)	(28 326 868)
CASH GENERATED BY OPERATIONS	34	16 750 565	15 341 599
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(2 198 554)	(4 177 319)
Purchase of Investment property			-
Proceeds on Disposal of Fixed Assets			302 302
Purchase of Intangible Assets		(183 108)	(158 374)
Decrease in Long-term Receivables			-
Decrease/(Increase) in Non-current Investments		6 218	(88 464)
NET CASH FROM INVESTING ACTIVITIES		(2 375 444)	(4 121 855)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid		(1 289 109)	(1 158 900)
New loans raised			-
Increase in Consumer Deposits			
NET CASH FROM FINANCING ACTIVITIES		(1 289 109)	(1 158 900)
NET CASH FROM ACTIVITIES		13 086 012	10 060 844
NET DECREASE IN CASH AND CASH EQUIVALENTS		13 086 012	10 060 844
Cash and cash equivalents at the beginning of the year		73 128 152	63 067 308
Cash and cash equivalents at the end of the year	19	86 214 164	73 128 152

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
1	LONG-TERM LIABILITIES		
1.1	Local Registered Stock Loans	-	-
1.2	Annuity Loans	12 784 290	13 948 476
1.3	Capitalised Lease Liability	34 299	159 221
1.4	Government Loans	-	-
	Sub-total	12 818 588	14 107 697
	Less : Current portion transferred to current liabilities	1 332 911	1 292 770
	Local Registered Stock Loans	-	-
	Annuity Loans	1 298 612	1 167 848
	Capitalised Lease Liability	34 299	124 923
	Government Loans	-	-
	Total Long-Term Liabilities	11 485 678	12 814 927
	Total Interest Paid		
	Local Registered Stock Loans	-	-
	Annuity Loans	1 500 396	1 607 683
	Capitalised Lease Liability	15 770	33 317
	Government Loans	-	-
	Total Interest Paid	1 516 165	1 641 000
1.1	Registered Stock Loans		
	No Stock Loans are registered in the name of Frances Baard District Municipality		

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.2 Annuity Loans

Balance at the beginning of the year
Received during the period
Redeemed, written off during the period

Balance at the end of the financial year

Less: Transferred to Current Liabilities

Total Annuity Loans

Interest paid during the year

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year
Payable within two to five years
Payable after five years

Less: Future finance obligations

Present value of annuity loan obligations

2012
R

2011
R

13 948 476	15 000 000
-	-
1 164 186	1 051 524
12 784 290	13 948 476
1 298 612	1 167 848
11 485 678	12 780 628
1 500 396	1 607 683

Minimum Annuity Loan Payments

2 659 207	2 659 207
10 636 829	10 636 829
5 318 414	7 977 622
18 614 451	21 273 658
(5 830 161)	(7 325 182)
12 784 290	13 948 476

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
1.2.1 Development Bank of Southern Africa		
<i>Construction of new Council Chamber & offices</i>		
<i>Loan No. 103363/1</i>		
<i>Redeemable: 10 Years</i>		
Balance at the beginning of the year	13 948 476	15 000 000
Received during the period	-	-
Redeemed, written off during the period	1 164 186	1 051 524
Balance at the end of the financial year	12 784 290	13 948 476
Less: Transferred to Current Liabilities	1 298 612	1 167 848
Total: Development Bank of Southern Africa	11 485 678	12 780 628
Interest paid during the year	1 500 396	1 607 683
<i>A fixed term loan over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chamber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six -monthly instalments with the first instalment payable on 31 December 2010 at a interest rate of 10.9 %. Interest payments commenced on 30 June 2009.</i>		
1.3 Capitalised Lease Liability		
Balance at the beginning of the year	159 221	266 597
Received during the period	-	-
Redeemed, written off during the period	124 923	107 376
Balance at the end of the financial year	34 299	159 221
Less: Transferred to Current Liabilities	34 299	124 923
Total: Capitalised Lease Liability	0	34 299
Interest paid during the year	15 770	33 317

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The obligations under Capitalised Lease Liability are scheduled below:

Amounts payable under capitalised lease liability:

Payable within one year

Payable within two to five years

Payable after five years

Less: Future finance obligations

Present value of capitalised lease liability

	2012 R	2011 R
Minimum Capitalised Lease Liability Payments		
	34 299	140 692
	-	35 173
	-	-
	34 299	175 865
	(874)	(16 644)
	33 424	159 221

A financing lease over three years payable in 36 installments was taken up to acquire a photo copier.

1.4 Government Loans

No Government Loans registered in the name of Frances Baard District Municipality

2 EMPLOYEE BENEFITS

Employment Benefits

Post Employment Health Care Benefits

Ex-Gratia Pension Benefits

Long Service Leave Awards

Less Short Term Portion Transferred to Current Employee Benefits

Total Employee Benefits

	22 763 773	20 022 772
	575 935	833 299
	1 021 384	789 848
	24 361 092	21 645 918
	(1 834 841)	(1 547 239)
	22 526 251	20 098 679

EMPLOYEE BENEFITS

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

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Post Employment Health Care Benefits

	2012 R	2011 R
Balance 1 July	20 022 772	18 576 826
Contribution for the year	1 917 267	2 051 757
Expenditure for the year	(581 646)	(1 203 492)
Actuarial Loss/(Gain)	1 405 381	597 681
Total post retirement benefits 30 June	22 763 773	20 022 772
Less: Transfer of Current Portion to Current Employee Benefits - Note 3	(1 545 000)	(1 369 008)
Balance 30 June	21 218 773	18 653 764

Long Service Leave Awards

Balance 1 July	789 848	1 013 696
Contribution for the year	201 806	179 322
Expenditure for the year	(79 103)	(160 882)
Actuarial Loss/(Gain)	108 833	(242 288)
Total provision 30 June	1 021 384	789 848
Less: Transfer of Current Portion to Current Employee Benefits - Note 3	(218 587)	(102 645)
Balance 30 June	802 797	687 203

Ex-Gratia Pensions

Balance 1 July	833 298	782 896
Contribution for the year	69 122	63 460
Expenditure for the year	(75 829)	(71 254)
Actuarial Loss/(Gain)	(250 656)	58 196
Total long service 30 June	575 935	833 298
Less: Transfer of Current Portion to Current Employee Benefits - Note 3	(71 254)	(75 586)
Balance 30 June	504 681	757 712

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<u>Total Employee Benefits</u>		
Balance 1 July	21 645 918	20 373 418
Contribution for the year	2 188 195	2 294 539
Expenditure for the year	(736 578)	(1 435 628)
Actuarial Loss/(Gain)	1 263 558	413 589
Total long service 30 June	24 361 092	21 645 918
<u>Less:</u> Transfer of Current Portion to Current Employee Benefits - Note 3	(1 834 841)	(1 547 239)
Balance 30 June	22 526 251	20 098 679

2.1 Post Retirement Health Care Benefits

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continuation member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The Post Employment Health Care Benefit plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	47	49
Continuation members (e.g. retirees, widows, orphans)	51	50
Total Members	98	99

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

In-service members	2 940 292	3 209 359
Continuation members	19 823 482	16 813 413
Total Liability	22 763 774	20 022 772

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

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

Bonitas;
Keyhealth
LA Health
ProSano
SAMWU Medical Aid

The Future-service Cost for the ensuing year is estimated to be R 304,037, whereas the Interest- Cost for the next year is estimated to be R1 613 200.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.18%	8.34%
Health Care Cost Inflation Rate	6.77%	7.23%
Net Effective Discount Rate	0.39%	1.04%

ii) Mortality rates

The PA 90 ult. Mortality table was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 60 years.

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

Present value of fund obligations	22 763 773	20 022 772
Fair value of plan assets	-	-
Unrecognised past service cost -	-	-
Unrecognised actuarial gains / (losses) -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	22 763 773	20 022 772

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

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
 Current service cost
 Interest Cost
 Benefits Paid
 Total expenses
 Actuarial (gains) / losses
 Present value of fund obligation at the end of the year

2012 R	2011 R
20 022 772	18 576 826
304 037	412 556
1 613 230	1 639 201
(581 646)	(1 203 492)
21 358 392	19 425 091
1 405 381	597 681
22 763 773	20 022 772

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year
 Expected return on plan assets -
 Contributions : employer
 Contributions : employee -
 Past service costs -
 Actuarial (gains) / losses -
 Benefits paid
 Fair value of plan assets at the end of the year

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Effect on the aggregate of the current service cost
 Effect on the defined benefit obligation

+1%	-1%
333 500	197 800
2 117 200	1 608 400

2.2 Long Service Bonusses

The Long Service Bonus plans are defined benefit plans. As at year end, 120 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 84,030, whereas the Interest- Cost for the next year is estimated to be R 60,480.

Key actuarial assumptions used:

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

i) Rate of interest

	2012 R	2011 R
Discount rate	6.57%	8.18%
General Salary Inflation (long-term)	5.95%	6.20%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	58.00%	1.86%

Analysis of accrued liability

Fair value of plan assets -	-	-
Accrued Liability	1 021 384	789 848
Unrecognised past service cost -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	1 021 384	789 848

Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year	789 848	1 013 696
Current service cost	141 326	95 292
Present value of fund obligation recognised for the first time		
Interest Cost	60 480	84 030
Benefits Paid	(79 103)	(160 882)
Total expenses	912 551	1 032 136
Actuarial (gains) / losses	108 833	(242 288)
Present value of fund obligation at the end of the year	1 021 384	789 848

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets -	-	-
Contributions : employer	-	-
Contributions : employee	-	-
Past service costs	-	-
Actuarial (gains) / losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

The effect of a 1% movement in the assumed rate of general salary inflation is as follows:

	+1%	-1%
Effect on the aggregate of the current service cost	221 819	197 574
Effect on the defined benefit obligation	286 575	253 336

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

2.3 Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 4 former employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 60 480

Key actuarial assumptions used:

i) Rate of interest

Discount rate

5.82%

7.94%

Benefit Increase Rate (CPI Inflation)

5.38%

Analysis of accrued liability

Fair value of plan assets -

-

-

Accrued Liability

575 936

833 299

Unrecognised past service cost -

-

-

Unrecognised actuarial gains / (losses) -

-

-

Present value of unfunded obligations

-

-

Net liability / (asset)

575 936

833 299

Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year

833 299

782 897

Current service cost

-

-

Present value of fund obligation recognised for the first time

-

-

Interest Cost

69 122

63 460

Benefits Paid

(75 829)

(71 254)

Total expenses

826 592

775 103

Actuarial (gains) / losses

(250 656)

58 196

Present value of fund obligation at the end of the year

575 936

833 299

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year

-

-

Expected return on plan assets -

-

-

Contributions : employer

-

-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Contributions : employee
Past service costs
Actuarial (gains) / losses
Benefits paid
Fair value of plan assets at the end of the year

2012	2011
R	R
-	-
-	-
-	-
-	-
-	-
-	-
+1%	-1%
75 639	63 500
586 491	566 167

The effect of a 1% movement in the assumed inflation is as follows:

Effect on the interest cost
Effect on the defined benefit obligation

2.4 Retirement Funds

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

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

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

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund has a funding level of 98,1% (30 June 2010 - 100%).

Contributions paid recognised in the Statement of Financial Performance

- -

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 116,9% (30 June 2010 - 100,3%).

Contributions paid recognised in the Statement of Financial Performance

3 567 202

3 322 534

DEFINED CONTRIBUTION PLANS

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

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund
SAMWU National Provident Fund

156 237
15 556

319 480
14 553

171 792

334 033

3 CURRENT EMPLOYEE BENEFITS

3.1 Performance Bonusses

390 833

405 240

3.2 Staff Leave

2 806 740

2 370 735

3.3 Staff Bonuses

992 072

905 370

Current Portion of Non-Current Employee Benefits - Note 2

1 834 841

1 547 239

Total Provisions

6 024 487

5 228 584

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
3.1	Performance Bonuses		
	Balance at beginning of year	405 240	491 556
	Transfer from non-current	-	-
	Contributions to provision - current year provision	209 320	405 240
	Contributions to provision - prior year over provision	-	-
	Expenditure incurred	(223 727)	(491 556)
	Balance at end of year	390 833	405 240
3.2	Staff Leave		
	Balance at beginning of year	2 370 735	2 212 376
	Transfer from non-current	-	-
	Contributions to provision - current year provision	882 771	158 359
	Contributions to provision - prior year over provision	-	-
	Expenditure incurred	(446 766)	-
	Balance at end of year	2 806 740	2 370 735
3.3	Staff Bonuses		
	Balance at beginning of year	905 370	765 684
	Transfer from non-current	-	-
	Contributions to provision - current year provision	1 499 583	1 608 094
	Contributions to provision - prior year over provision	-	-
	Expenditure incurred	(1 412 881)	(1 468 408)
	Balance at end of year	992 072	905 370

Annual leave provision is based on the total number of leave days due on 30 June, at individual salary values effective on the reporting date.(Nett movement on leave provision included in employee cost for the financial year under review)

Council does not make provision for leave benefits due to the Roads Agency personnel.

Obligations for accumulated leave at the reporting date amount to:

-	-
---	---

Roads Agency obligations are dealt with as part of the annual operating subsidy provided by the principal.

All leave relating to Roads Agency Personnel to the amount of R459,201 has been paid on 30 June 2011 due to the transfer of the roads function back to the Department as from 1 July 2011.

Performance bonusess are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
4 TRADE PAYABLES FROM EXCHANGE TRANSACTIONS		
Other Creditors	5 368 725	2 267 558
Total creditors at year end	5 368 725	2 267 558
Other Creditors		
Payments received in advance	11 814	37 252
Retentions	341 906	432 923
Creditors Control	2 018 012	-
Sundry Creditors	2 902 576	939 116
ABSA Fleet Card	-	61 454
Salary Control: - Medical Aid	1 732	-
Salary Control: - SITE / PAYE	2 303	-
Salary Control: - Garnishing Order	500	-
Salary Control:- Workmen's Compensation	85 683	329 968
Salary Control - Traffic Fines	200	700
Stale Cheque Account	4 000	-
Suspense Account	-	466 145
Total: Other Creditors	5 368 725	2 267 558
Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.		
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
5.1 Conditional Grants from Other Spheres of Government	2 178 633	4 727 383
5.1.1 Equitable Share	-	-
5.1.2 Financial Management Grant	-	-
5.1.3 Municipal Systems Improvement Grant	-	-
5.1.4 DWA - Sanitation (Mvula Trust)	-	1 489 217
5.1.5 NC Tourism - Contribution Tourism Month	-	-
5.1.6 Department of Public Works: Expanded Public Works Program Incentive	-	-
5.1.7 District Aids Council	-	114 682
5.1.8 NEAR Control Centre	569 000	-
5.1.9 NCPA - Housing Accreditation Grant	713 191	1 077 953

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
5.1.10	NCPA Firefighting Equipment	723 364	352 364
5.1.11	NCPA - Eradication of Bucket System	-	-
5.1.12	MIG - Projects	-	-
5.1.13	SETA - Skills Grant	-	-
5.1.14	NCPA: Vuna Awards	-	-
5.1.15	DWA: Backlogs in Water & Sanitation at Clinics and Schools	-	-
5.1.16	NCPA: EPWP: DMA Bush Clearance	106 969	185 421
5.1.17	NCPA: Environmental Health Recycling Project	66 108	1 427 746
5.2.1	Koopmansfontein Electricity Self Build Scheme	-	80 000

Summary of Movements - External Funds

Balance unspent at beginning of year

Current year receipts

Internal Transfers

Gross Funding

Conditions met – transferred to revenue

Written Off

Internal Transfers

Unspent Portion at Year end

4 727 383	6 544 350
86 365 123	89 947 488
-	-
91 092 506	96 491 838
(88 913 873)	(90 264 456)
-	(1 500 000)
-	-
2 178 633	4 727 383

The following allocations were made to the municipality according to the stipulations of the Division of Revenue Act. Revenue received are recognised as revenue to the extent that the conditions or obligations are met. Conditions still to be met are transferred to liabilities.

5.1.1 Equitable Share

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

-	-
79 281 000	76 377 573
79 281 000	76 377 573
(79 281 000)	(76 377 573)
-	-

Department of Cooperative Governance & Traditional Leaders

Objective: To assist municipalities to provide basic infrastructure and services to low income households.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

5.1.2 Financial Management Grant

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

-	-
1 250 000	1 000 000
1 250 000	1 000 000
(1 250 000)	(1 000 000)
-	-

National Treasury

Objective: To finance the reform programme for municipal budgeting and financial management practices

5.1.3 Municipal Systems Improvement Grant

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

-	511 947
1 200 000	1 000 000
1 200 000	1 511 947
(1 200 000)	(1 511 947)
-	-

Department of Cooperative Governance & Traditional Leaders

Objective: To assist municipalities to build capacity for the new development system of local government.

5.1.4 DWA - Sanitation (Mvula Trust)

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

1 489 217	3 275 455
-	75 000
1 489 217	3 350 455
(1 489 217)	(1 861 238)
-	1 489 217

Department of Water Affairs & Environmental Affairs

Objective: To provide adequate water and sanitation facilities to farm workers in the rural areas in the district as well as to support operation and maintenance programmes at local municipalities in the district.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

5.1.5 NC Tourism - Contribution Tourism Month

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

-	-
-	50 000
-	50 000
-	(50 000)
-	-

Northern Cape Tourism

Objective: Funding of tourism month activities at schools.

5.1.6 Department of Public Works: Expanded Public Works Program Incentive

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

-	-
-	165 850
-	165 850
-	(165 850)
-	-

Department of Public Works

Objective: To contribute to employment creation efforts through the employment of previously unemployed people

5.1.7 District Aids Council

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

114 682	19 596
-	100 000
114 682	119 596
(114 682)	(4 914)
-	114 682

Department of Health - Northern Cape Province

Objective: To finance the costs of District Aids Councils in the campaign against AIDS.

Also to provide HIV /AIDS prevention care programs and services in the region.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

5.1.8 NEAR Control Centre

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

-	-
569 000	725 000
569 000	725 000
-	(725 000)
569 000	-

Department of Cooperative Governance, Human Settlement & Traditional Affairs

Objective: To maintain effective functioning of the NEAR control centres and provide additional funds for training NEAR personnel.

5.1.9 NCPA - Housing Accreditation Grant

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

1 077 953	-
2 783 799	3 161 188
3 861 752	3 161 188
(3 148 561)	(2 083 235)
713 191	1 077 953

Department of Cooperative Governance, Human Settlement & Traditional Affairs

Objective: To enable the District Municipality to obtain full accreditation to administer national housing programmes in terms of the delegation of functions from Department of Cooperative Governance, Human Settlements & Traditional Affairs.

5.1.10 NCPA Firefighting Equipment

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

352 364	239 206
371 000	350 000
723 364	589 206
-	(236 842)
723 364	352 364

Department of Cooperative Governance, Human Settlement & Traditional Affairs

Objective: To enhance municipalities' capacity to deal with fire hazards.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

5.1.11 NCPA - Eradication of Bucket System

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

-	-
-	-
-	-
-	-
-	-

Department of Cooperative Governance, Human Settlement & Traditional Affairs

Objective: To eliminate the use of bucket sanitation systems in the district by end of September 2008

5.1.12 MIG - Projects

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent portion paid back to donor

Unspent Portion at Year end

-	99 596
-	5 746 000
-	5 845 596
-	(5 845 596)
-	-
-	-

Department of Cooperative Governance & Traditional Leaders

Objective: To provide service delivery infrastructure to households in poorer residential areas

Balance of R99 596 is due to a payment of R 700 000 received for the 2010 / 11 financial year and expenditure to the amount of R600 404.

5.1.13 SETA - Skills Grant

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

-	-
170 324	116 877
170 324	116 877
(170 324)	(116 877)
-	-

Sector Education and Training Authority

Objective: To be used for training and capacity building of employees as per approved Skills Work Plan.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

5.1.14 NCPA: Vuna Awards

Balance unspent at beginning of year

Current year receipts

Gross Funding

Written off

Unspent Portion at Year end

-	1 500 000
-	-
-	1 500 000
-	(1 500 000)
-	-

Department of Cooperative Governance, Human Settlement & Traditional Affairs

Objective: To initiate community projects as per approved business plans by the Department of Housing and Local Government.

The amount of R1,500,000 for the 2005/06 and 2006/07 has been written off by Council due to none response from the donor department to pay amounts due to the District Municipality

5.1.15 DWA: Backlogs in Water & Sanitation at Clinics and Schools

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

-	-
-	-
-	-
-	-
-	-

Department of Water Affairs and Environmental Affairs

Objective: To eradicate water supply and sanitation backlogs of all clinics and schools which were never served by December 2009.

5.1.16 NCPA: EPWP: DMA Bush Clearance

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

185 421	316 959
-	-
185 421	316 959
(78 452)	(131 538)
106 969	185 421

Department of Roads & Public Works

Clarence and vegetation control of areas in the DMA

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

5.1.17 NCPA: Environmental Health Recycling Project

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

1 427 746	581 591
700 000	1 000 000
2 127 746	1 581 591
(2 061 638)	(153 845)
66 108	1 427 746

Department of Environment & Nature Conservation - Northern Cape Province

Frances Baard Recycling projects

5.2 Other Conditional Receipts

5.2.1 Koopmansfontein Electricity Self Build Scheme

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

80 000	-
16 000	80 000
96 000	80 000
(96 000)	-
-	80 000

Private contributions: ESKOM & Farmers

Objective: To complete the Koopmansfontein self build scheme with financial contribution from ESKOM and farmers.

5.2.2 ABSA

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

-	-
24 000	-
24 000	-
(24 000)	-
-	-

Private contribution to fund commemorative day celebrations

6 OPERATING LEASE ARRANGEMENTS

6.1 The Municipality as Lessee

Leases not previously recognised

Balance on 30 June

-	-
-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year

2 to 5 Years

More than 5 Years

Total Operating Lease Arrangements

-	-
-	-
-	-
-	-
-	-

Reconciliation

Balance 1 July

Amount previously recorded

Change in accounting policy - Note 30

Movement during the year

Balance on 30 June

-	-
-	-
-	-
-	-
-	-
-	-

6.2 The Municipality as Lessor

Up to 1 Year

1 to 5 Years

More than 5 Years

Total Operating Lease Arrangements

16 658	15 424
16 492	33 150
-	-
33 150	48 575

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has an undetermined conditional income.

Reconciliation

Amount previously recorded (Through change in accounting policy)

Change in accounting policy - Note 30

Movement during the year

Balance on 30 June

9 383	11 954
-	-
(1 143)	(2 571)
8 241	9 383

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

7 PROPERTY, PLANT & EQUIPMENT

7.1 GRAP 17 - Property, Plant and Equipment

Fully Depreciated assets still in use were as follows:

	2023	2022
Cost	-	-
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
Accumulated depreciation	-	-
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
Carrying value	-	-
Carrying value of assets retired from active use and held for disposal:	-	-
Cost	-	-
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
Accumulated depreciation	-	-
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
Carrying value	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

O THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012		2012	2011
		R	R
Carrying value of temporarily idle property plant and equipment:			
Cost		-	-
Land and Buildings		-	-
Infrastructure		-	-
Community Assets		-	-
Lease Assets		-	-
Heritage		-	-
Other		-	-
Accumulated depreciation		-	-
Land and Buildings		-	-
Infrastructure		-	-
Community Assets		-	-
Lease Assets		-	-
Heritage		-	-
Other		-	-
Carrying value		-	-

Assets pledged as security:

No assets are pledged as security.

Third party payments received for losses incurred:

Payments received (Excluding VAT)	20 708	16 020
Carrying value of assets written off/lost		
Surplus/Deficit	20 708	16 020

Impairment of property plant and equipment

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
Cumulative impairment charges included in major balances		
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Effect of changes in accounting estimates

No changes in accounting estimates occurred.

	2012 R	2013 R	2014 R
Effect on Property, plant and equipment	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>

Details of property plant and equipment carried at fair value

The revaluation of council's land and buildings was done during the 2011 / 12 financial year by Valu Data on the method of sales comparison approach and discounted cash flow analysis

Carrying value of revalued property, plant and equipment that would have been recognised under the cost model if the cost model was applied:

Cost		
Land & Buildings	40 828 109	42 662 839
Accumulated Depreciation	6 572 243	5 220 446
	<u><u>34 255 867</u></u>	<u><u>37 442 393</u></u>
Reconciliation of revaluation surplus:		
Opening balance	5 828 305	6 065 911
Movement for the period	15 550 746	(237 605)
Closing balance	<u><u>21 379 051</u></u>	<u><u>5 828 305</u></u>

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7.2 Analysis of Property, Plant and Equipment

30 June 2012	Cost / Revaluation								Accumulated Depreciation									Carrying Value	Budget Additions 2012
	Balance at 01/07/2011	Transfers to / from other categories	Restated balance	Additions	Revaluation Movements / Impairments	Under Construction	Disposals	Balance at 30/06/2012	Balance at 01/07/2011	Transfers to / from other categories	Change in Accounting Policy - 2011	Restated balance	Change in Accounting Policy - 2012	Additions	Revaluation Movements / Impairments	Disposals	Balance at 30/06/2012		
COMMUNITY ASSETS																			
Land & Buildings	106 676		106 676	-		-	-	106 676	53 338			53 338		10 668		-	64 006	42 670	-
Land & Buildings	45 000 ^x		45 000					45 000	-			-		-	-	-	-	45 000	
Security Measures	542 676	-	542 676	4 293		-	101 754	445 214	175 098			175 098		73 489		65 292	183 295	261 919	300 000
Total: Community Assets	694 351	-	694 351	4 293	-	-	101 754	596 890	228 436	-	-	228 436	-	84 157	-	65 292	247 300	349 590	300 000
HERITAGE ASSETS																			
Statues	627 427	-	627 427	3 990		-	-	631 417	-		-	-		-		-	-	631 417	4 000
Total: Heritage Assets	627 427	-	627 427	3 990	-	-	-	631 417	-	-	-	-	-	-	-	-	-	631 417	4 000
OTHER ASSETS						-													
Land & Buildings	42 662 839	-	42 662 839	1 041 584	(2 876 313)			40 828 109	5 220 446	-	-	5 220 446	-	1 351 797		-	6 572 243	34 255 867	1 185 000
Office Equipment	3 148 667	-	3 148 667	81 032			228 621	3 001 077	898 921	-	-	898 921	-	431 825		141 268	1 189 479	1 811 598	49 300
Office Equipment - Finance leases	337 110	-	337 110				-	337 110	76 251	-	-	76 251	-	48 159			124 409	212 700	-
Furniture & Fittings	2 964 019	-	2 964 019	39 992			36 727	2 967 284	1 038 668	-	-	1 038 668	-	373 923		21 286	1 391 305	1 575 979	33 000
Plant & Machinery	1 983 809	-	1 983 809	15 869			48 784	1 950 894	538 295	-	-	538 295	-	303 302		27 102	814 494	1 136 400	122 000
Plant & Machinery - Residual Value	298 000	-	298 000				-	298 000	-	-	-	-	-				-	298 000	-
Emergency Equipment	974 092	-	974 092					974 092	297 448	-	-	297 448	-	108 484			405 932	568 160	-
Motor Vehicle	2 338 706	-	2 338 706	465 612			112 194	2 692 124	978 636	-	-	978 636	-	330 461		72 914	1 236 183	1 455 941	470 000
Motor Vehicle - Residual Value	1 254 382	-	1 254 382				128 111	1 126 271	-	-	-	-	-				-	1 126 271	-
Land Fill Sites	-	-	-					-	-	-	-	-	-				-	-	-
Computer Equipment	5 058 607	-	5 058 607	546 182			652 921	4 951 868	1 389 522	-	-	1 389 522	-	744 635		366 058	1 768 099	3 183 769	1 286 700
Total: Other Assets	61 020 229	-	61 020 229	2 190 271	(2 876 313)	-	1 207 358	59 126 829	10 438 187	-	-	10 438 187	-	3 692 585	-	628 628	13 502 143	45 624 686	3 146 000
Less transferred to Non - Current Assets Held for Sale Discontinued operations	- (154 876)		- (154 876)					(148 602)	(53 795)			(53 795)					(73 447) -	(75 155) -	
TOTAL ASSETS	62 187 132	-	62 187 132	2 198 554	(2 876 313)	-	1 309 112	60 206 534	10 612 827	-	-	10 612 827	-	3 776 742	-	693 920	13 675 997	46 530 537	3 450 000

^x Under construction: prior year not yet completed

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Analysis of Property, Plant and Equipment

30 June 2011	Cost / Revaluation								Accumulated Depreciation								Carrying Value	Budget Additions 2011	
	Balance at 01/07/2010	Transfers to / from other categories	Restated balance	Additions	Revaluation Movements / Impairments	Under Construction	Disposals	Balance at 30/06/2011	Balance at 01/07/2010	Transfers to / from other categories	Change in Accounting Policy - 2010	Restated balance	Change in Accounting Policy - 2011	Additions	Impairments	Disposals			Balance at 30/06/2011
COMMUNITY ASSETS																			
Land & Buildings	151 676		151 676	(45 000)		45 000		151 676	42 670			42 670		10 668			53 338	98 338	-
Security Measures	539 869		539 869	2 807		-		542 676	102 027			102 027		73 071			175 098	367 578	-
Total: Community Assets	691 544	-	691 544	(42 193)	-	45 000	-	694 351	144 697	-	-	144 697	-	83 739	-	-	228 436	465 916	-
HERITAGE ASSETS																			
Statues	627 427	-	627 427					627 427	-	-	-	-		-	-	-	-	627 427	
Total: Heritage Assets	627 427	-	627 427	-	-	-	-	627 427	-	-	-	-		-	-	-	-	627 427	-
OTHER ASSETS																			
Land & Buildings	42 005 330	3 200	42 008 530	601 802		52 506.80	-	42 662 839	3 884 449	419	-	3 884 868	-	1 335 578		-	5 220 446	37 442 393	6 965 680
Office Equipment	2 848 421	-	2 848 421	331 086		-	30 840	3 148 667	542 294	-	-	542 294	-	387 467		30 840	898 921	2 249 745	115 300
Office Equipment - Finance leases	337 110	-	337 110	-		-	-	337 110	28 092	-	-	28 092	-	48 159		-	76 251	260 859	
Furniture & Fittings	2 957 607	-	2 957 607	28 669		-	22 258	2 964 019	683 820	-	-	683 820	-	376 514	592	22 258	1 038 668	1 925 351	301 340
Plant & Machinery	1 494 669	-	1 494 669	491 539		-	2 399	1 983 809	325 384	-	-	325 384	-	215 309		2 399	538 295	1 445 515	222 010
Plant & Machinery - Residual Value	298 000	-	298 000	-		-	-	298 000	-	-	-	-	-	-		-	-	298 000	
Emergency Equipment	562 364	-	562 364	411 728		-	-	974 092	216 145	-	-	216 145	-	81 303		-	297 448	676 644	-
Motor Vehicle	1 964 134	-	1 964 134	479 860		-	105 288	2 338 706	779 071	-	-	779 071	-	294 982	9 871	105 288	978 636	1 360 069	680 000
Motor Vehicle - Residual Value	1 182 662	-	1 182 662	119 965		-	48 246	1 254 382	-	-	-	-	-	-		-	-	1 254 382	
Land Fill Sites	3 200	(3 200)	-	-		-	-	-	419	(419)	-	-	-	-		-	-	-	-
Computer Equipment	4 039 025	-	4 039 025	1 657 356		-	637 775	5 058 607	1 492 285	-	-	1 492 285	-	520 517	14 494	637 775	1 389 522	3 669 085	782 690
Total: Other Assets	57 692 522	-	57 692 522	4 122 005	-	52 507	846 805	61 020 229	7 951 961	-	-	7 951 961	-	3 259 829	24 956	798 559	10 438 187	50 582 043	9 067 020
Less transferred to Non - Current Assets Held for Sale Discontinued operations	(50 025)		(50 025)					(154 876)	(50 025)	-	-	(50 025)	-	-	-	-	(53 795)	(101 081)	
TOTAL ASSETS	58 961 468	-	58 961 468	4 079 812	-	97 507	846 805	62 187 132	8 046 632	-	-	8 046 632	-	3 343 567	24 956	798 559	10 612 827	51 574 304	9 067 020

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7.3 Segmental Analysis of Property, Plant and Equipment

	Cost									ACCUMULATED DEPRECIATION						Carrying Value
	Balance at 01/07/2011	Residual Value at 1 July 2011	Additions	Revaluation Movements / Impairments	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Transfers / Adjustments	Balance at 30/06/2012	Balance at 01/07/2011	Additions / Impairments	Disposals	Transfers / Adjustments	Balance at 30/06/2012	
Municipal Governance & Administration	10 307 199	1 128 417	672 930		169 990	-	961 033	128 111	-	11 189 393	3 362 019	1 417 677	552 422	-	4 227 275	6 962 118
Executive & Council	2 399 300	-	37 916		-	-	63 898	-	-	2 373 318	889 640	293 737	36 889.62	-	1 146 487	1 226 831
Mayor & Council	1 779 939		1 550			-	38 772		-	1 742 717	651 329	223 314	23 367	-	851 275	891 441
Office of the Municipal Manager	619 361		36 366			-	25 126		-	630 601	238 311	70 423	13 523	-	295 212	335 390
Budget & Treasury Office	2 874 718	1 128 417	125 334		169 990	-	129 003	128 111	(7 741)	4 033 604	1 310 884	347 543	86 555	(5 333)	1 566 539	2 467 065
Corporate Services	5 033 182		509 679.74			-	768 131.93		7 741.24	4 782 471	1 161 495	776 397	428 977	5 333	1 514 248	3 268 222
Human Resources	53 496	-	-		-	-	736	-	-	52 760	23 401	6 159	382		29 179	23 581
Information Technology	3 912 493	-	500 384		-	-	548 607	-	-	3 864 270	746 609	640 869	298 833		1 088 645	2 775 625
Other Admin	1 067 192	-	9 296		-	-	218 789	-	7 741	865 440	391 485	129 369	129 762	5 333	396 424	469 016
Community Services & Public Safety																
Community & Social Services	1 643 717	125 965	42 985		-	-	691	-	-	1 811 975	389 099	237 191	359	-	625 931	1 186 045
Community Services										-						
Public Safety - Civil Defense	1 323 231	73 965	1 101		-	-	691	-		1 397 606	309 395	184 979	359		494 016	903 590
Housing	320 485	52 000	41 884		-	-	-	-		414 370	79 704	52 211	-		131 915	282 455
Economic & Environmental Services	48 741 203	298 000	1 365 156	(2 876 313)	-	45 000	170 494	-	-	47 402 551	6 915 504	2 121 874	114 038	-	8 923 341	38 479 211
Planning & Development	48 461 695	298 000	1 365 156	(2 876 313)	-	45 000	170 494	-		47 123 044	6 793 420	2 089 685	114 038		8 769 067	38 353 977
Environmental Protection	279 508	-	-		-	-	-	-		279 508	122 085	32 189	-		154 274	125 234
TOTAL PER STANDARD CLASSIFICATION	60 692 119	1 552 382	2 081 071	(2 876 313)	169 990	45 000	1 132 218	128 111	-	60 403 920	10 666 622	3 776 742	666 818	-	13 776 546	46 627 374
Less transferred to Non- Current Assets Held for Sale										(148 601.54)					(73 446.66)	(75 154.88)
Discontinued operations	-154 876									-	-53 795				-	-
Total Assets	60 537 243	1 552 382	2 081 071	-2 876 313	169 990	45 000	1 132 218	128 111	-	60 255 318	10 612 827	3 776 742	666 818	-	13 703 099	46 552 219
* Internal Transfers																

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Cost										ACCUMULATED DEPRECIATION					Carrying Value
	Balance at 01/07/2010	Residual Value at 1 July 2010	Additions	Revaluation Movements / Impairments	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Transfers / Adjustments	Balance at 30/06/2011	Balance at 01/07/2010	Additions / Impairments	Disposals	Transfers / Adjustments	Balance at 30/06/2011	
Municipal Governance & Administration	9 176 719	1 130 662	2 515 650		46 000	-	701 381	48 246	(683 789)	11 435 616	3 227 460	1 087 097	701 381	(251 157)	3 362 019	8 073 597
Executive & Council	3 043 424	-	79 108		-	-	39 385	-	-683 847.62	2 399 300	877 535	302 666	39 384.72	(251 177)	889 640	1 509 660
Mayor & Council	3 043 424	-	68 293		-	-	31 578		(1 300 201)	1 779 939	877 535	229 772.37	31 578	(424 401)	651 329	1 128 610
Office of the Municipal Manager	-	-	10 815		-	-	7 807		616 353	619 361		72 894.09	7 807	173 224	238 311	381 050
Budget & Treasury Office	2 768 420	1 130 662	351 945		46 000	-	245 647	48 246	-	4 003 135	1 201 694	354 837.83	245 647	-	1 310 884	2 692 251
Corporate Services	3 364 875		2 084 597		-	-	416 348.93		59	5 033 182	1 148 231	429 593.11	416 349	20	1 161 495	3 871 687
Human Resources	-	-	5 785		-	-	-		47 711	53 496		5 780.26	-	17 621	23 401	30 095
Information Technology	-	-	2 043 038		-	-	413 950		2 283 405	3 912 493		293 530.18	413 950	867 028	746 609	3 165 885
Other Admin	3 364 875	-	35 773		-	-	2 399		(2 331 057)	1 067 192	1 148 231	130 282.67	2 399	(884 629)	391 485	675 707
Community Services & Public Safety																
Community & Social Services	919 712	52 000	724 064		73 965	-	-	-	(59)	1 769 682	201 205	187 913	-	(20)	389 099	1 380 583
Community Services										-						
Public Safety - Civil Defense	605 446	-	717 785		73 965	-	-	-		1 397 196	171 747	137 648	0		309 395	1 087 802
Housing	314 266	52 000	6 278		-	-	-	-	(59)	372 485	29 459	50 265.170	-	(20)	79 704	292 781
Economic & Environmental Services	47 389 400	298 000	765 133		-	97 507	97 178	-	683 848	49 136 709	4 667 992	2 093 513	97 178	251 177	6 915 504	42 221 205
Planning & Development	47 098 529	298 000	765 133		-	97 507	85 815	-	683 848	48 857 202	4 567 997	2 060 061	85 815	251 177	6 793 420	42 063 782
Environmental Protection	290 871	-	-		-	-	11 363	-		279 508	99 996	33 452	11 363		122 085	157 423
TOTAL PER STANDARD CLASSIFICATION	57 485 831	1 480 662	4 004 847		119 965	97 507	798 559	48 246	-	62 342 007	8 096 657	3 368 524	798 559	-	10 666 622	51 675 385
Less transferred to Non- Current Assets Held for Sale	-50 025									-	-50 025				-	-
Discontinued operations										(154 876)					(53 795.05)	(101 081)
Total Assets	57 435 806	1 480 662	4 004 847		119 965	97 507	798 559	48 246	-	62 187 132	8 046 632	3 368 524	798 559	-	10 612 827	51 574 305
* Internal Transfers																

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**

R **R**

8 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale at beginning of year - at book value

Additions for the year at cost

Less: Transferred from PPE at Book Value

Non-current assets sold / written off during the year

Non-current assets held for sale at end of year - at book value

-	-
-	-
(75 155)	-
-	-
-	-
(75 155)	-

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 45.5

9 DISCONTINUED OPERATIONS

The District Management Area of the municipality will be transferred to the relevant category B municipalities with effect from 1 July 2011. The relevant assets and liabilities associated with the District Management Area are disclosed below:

Assets

Property, Plant & Equipment

Trade Receivable from Exchange Transactions

Trade Receivables from Non-Exchange Transactions

Property Rates

Total Assets

-	101 081
-	1 674
-	9 080
-	232 464
-	344 298

The Municipality hold no Liabilities relating to this service

10 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Balance previously reported

Correction of error. Refer to note

-	-
-	-
-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
Fair Value Adjustments	-	-
Acquisitions	-	-
Disposals	-	-
Impairment	-	-
Transfers from Inventory	-	-
Transfers from Property, Plant and equipment	-	-
Net Carrying amount at 30 June	-	-

GRAP 16 - Investment Properties

Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:

Land with undetermined use;	-	-
Land;	-	-
Buildings; and	-	-
Land and Buildings.	-	-
Total not previously recognised now restated retrospectively	-	-
Revenue derived from the rental of investment property	-	-
Operating expenditure incurred on properties generating revenue	-	-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

11 INTANGIBLE ASSETS

Net Carrying amount at 1 July

Change in Accounting Policy / Opening Balance

Cost	832 793	785 430
Correction of error - Amortisation (1 July 2010)	1 184 862	1 026 487
Accumulated Amortisation	-	171 325
	(352 069)	(412 381)

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

- Acquisitions
- Amortisation
- Correction of error - Amortisation
- Disposals
- Amortisation written back on disposal

Net Carrying amount at year end

Cost	Accumulated Amortisation	Net Book Value
100	0	100
100	20	80
100	40	60
100	60	40
100	80	20
100	100	0

No intangible asset were assed having an indefinite useful life.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

12 INVESTMENTS

CURRENT INVESTMENTS

Listed

Sanlam shares currently trading at R22.86 - Held at fair value through profit & loss

TOTAL LISTED INVESTMENTS

BANK DEPOSITS

Absa Bank [Collateral]
Standard Bank [Leave Provision]

TOTAL BANK DEPOSITS**TOTAL CURRENT INVESTMENTS**

2012	2011
R	R
183 108	158 375
(121 078)	(161 329)
-	50 317
-	-
-	-
894 823	832 793
1 367 970	1 184 862
(473 147)	(352 069)
-	-
-	6 218
-	6 218
500 000	500 000
2 900 000	2 400 000
2 900 000	2 900 000
2 900 000	2 906 218

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012		2012	2011	
		R	R	
13	LONG-TERM RECEIVABLES			
	No Long Term Debt at Reporting Date	-	-	
	No Long Term Debt at Reporting Date	-	-	
	Long Term Portion of Long Term Debt	-	-	
	Short Term Portion of Long Term Debt	-	-	
	Long Term Debt at Reporting Date	-	-	
14	TAXES			
	VAT Receivable	1 189 493	1 489 596	
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date through out the year.			
15	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS			
		Gross Balance	Provision for Bad Debt	Net Balance
	Due to the disestablishment of the DMA, revenue for Property Rates and Service Charges has been transferred to discontinued operations. Refer to note 18.			
	As at 30 June 2012			
	Water	-	-	-
	Sewerage	-	-	-
	Refuse	-	-	-
	TOTAL TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS	-	-	-
	As at 30 June 2012			
	Water	-	-	-
	TOTAL TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS	-	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Water Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
91 – 120 Days

Sewerage Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
91 – 120 Days

Refuse Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
91 – 120 Days

Summary of Debtors by Customer Classification

30 June 2012

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
91 – 120 Days

Sub-total

Less: Provision for bad debts

TOTAL CONSUMER DEBTORS

2012

R

-

2011

R

523

169

76

11

266

-

353

153

58

23

120

-

798

300

99

68

332

Consumers

Industrial /
Commercial

National &
Provincial
Government

-
-
-
-

-
-
-
-

-
-
-
-

-

-

-

-

-

-

-

-

-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Summary of Debtors by Customer Classification

30 June 2011

Current (0 – 30 days)	
31 – 60 Days	
61 – 90 Days	
91 – 120 Days	
Sub-total	
Less: Provision for bad debts	

TOTAL CONSUMER DEBTORS

Reconciliation of the Total doubtful debt provision

Balance at beginning of the year
Contributions to provision
Doubtful debts written off against provision

Balance at end of year

Due to the disestablishment of the District Management Area after the local government elections, all outstanding debt will be transferred to the superseding municipality in terms of Section 12 of the Structures Act.

	2012	2011
	R	R
Consumers	Industrial / Commercial	National & Provincial Government
622	-	-
233	-	-
101	-	-
718	-	-
1 674	-	-
-	-	-
1 674	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		R	R
16	TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	1 680 585	2 184 489
16.1	Sundry Debtors - Other	1 680 585	2 184 489
	Property Rates	-	232 464
	Transfer of Functions - DMA	-	(232 464)
16.2	Recoverable Expenditure - Fraudulent Transactions	-	-
16.1	Sundry Debtors - Other		
	Sundry Services	1 171 904	352 622
	Payments Made in Advance	117 852	397 210
	Interest on investment	319 963	215 118
	NCPA Roads Agency Services - Loan Account	-	912 109
	Other Sundry Debtors	70 762	-
	Insurance Control	-	868
	Salary Control	-	306 562
	Salary Control - Debit Order & Other Deductions Control	104	-
		-	-
	Total Other Debtors	1 680 585	2 184 489
	Less: Provision for Bad Debt	-	-
	Total Other Debtors	1 680 585	2 184 489
<i>The fair value of trade and other receivables approximate their carrying value.</i>			
16.2	Recoverable Expenditure - Fraudulent Transactions		
	Recoverable unauthorised expenditure	-	447 034
	Less: Amounts recovered	-	(447 034)
	Less: Written off by Council Resolution	-	-
	Total Recoverable Expenditure - Fraudulent Transactions	-	-

Fraudulent transactions to the total value of R1,978,497-72 have been discovered in August 2006 after a proper investigation was completed by SHAG Forensics (Pty).

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

The outstanding amount of R447 034 has been recovered from the pensionfund of the officer involved..

17 Property Rates

Due to the disestablishment of the DMA, revenue for Property Rates and Service Charges has been transferred to discontinued operations. Refer to note 18.

17.3.1 Property Rates: Ageing

Current (0 – 30 days)		22 837
31 – 60 Days		19 539
61 – 90 Days		14 294
91 – 120 Days		175 793

17.3.2 Summary of Debtors by Property Rates Classification

30 June 2012

Residential

Government

Business

Agricultural

Current (0 – 30 days)	-	-	-	-
31 – 60 Days	-	-	-	-
61 – 90 Days	-	-	-	-
91 – 120 and more	-	-	-	-

Sub-total

TOTAL PROPERTY RATES DEBTORS

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

30 June 2011

Residential

Government

Business

Agricultural

Current (0 – 30 days)

31 – 60 Days

61 – 90 Days

91 – 120 and more

Sub-total

Less: Provision for bad debts

TOTAL PROPERTY RATES DEBTORS

17.4 Reconciliation of the Total doubtful debt provision

Balance at beginning of the year

Contributions to provision

Doubtful debts written off against provision

Balance at end of year

Due to the disestablishment of the District Management Area after the local government elections, all outstanding debt will be transferred to the superseding municipality in terms of Section 12 of the Structures Act.

18 **INVENTORY**

Consumable Stores - Stationery and materials - At cost

Maintenance Materials - At cost

Water – at cost

Spare Parts - At cost

Total Inventory

-			
-			
-			
-			

-	-	-	-
-	-	-	-

-	-	-	-
---	---	---	---

-	-
-	-
-	-
-	-

349 926	370 274
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349 926	370 274
-	-
-	-
-	-

349 926	370 274
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FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

19 CASH AND CASH EQUIVALENTS

Assets

19.1	Call Investment Deposits	83 500 000	70 500 000
19.2	Primary Bank Account	2 710 864	2 624 852
19.3	Cash	3 300	3 300
	Total Cash and Cash Equivalents - Assets	86 214 164	73 128 152

19.1 Call Investment Deposits **Short Term Investments**

Absa Bank	12 250 000	17 000 000
First Rand	10 750 000	15 000 000
Nedcor	25 750 000	11 000 000
Standard Bank	34 750 000	27 500 000

Short term deposits

83 500 000	70 500 000
-------------------	-------------------

Council provide collateral security for housing loans issued by commercial banks in favour of certain of Council's personnel. This security is provided by a block investment of R500,000 ceded to ABSA against which the bank issues letters of guarantee to the home loan financing institutions. There are no current obligation registered against the investment.

Trading and available-for-sale investments are subsequently carried at fair value. Average interest rate on investments in respect of the financial year under review reflects on 5.93%.

The Municipality has the following bank accounts: -

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
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2011
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19.2 Current Account (Primary Bank Account)

Standard Bank Kimberley Business Centre

Account Number 04 007 955 4

Cash book balance at end of year

3 512

-

ABSA Bank Kimberley (Central Business District)

Account Number 940 000 327

Cash book balance at end of year

2 707 352

2 624 852

Total Cash Book balance at end of year

2 710 864

2 624 852

New primary bank account has been opened at Standard bank. The account at ABSA will be closed as soon as all transactions on the ABSA account stopped

19.3 Petty Cash & Floats

3 300

3 300

20 PROPERTY RATES

20.1 Actual

20.2 Residential

-

3 684

20.3 Agriculture

-

354 881

20.4 Commercial

-

16 432

20.5 Government

-

1 984

20.6 Industrial

-

18 720

Total Assesment Rates

-

395 701

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
20.1.1 Residential property		
Number of Properties valued at < R15 000	-	34
Number of properties valued at > R15 000	-	1
Number of Properties	-	35
Total valuation of properties	-	2 148 400
Less: Valuation of properties exempted from paying rates	-	87 000
Less: Rebate on properties valued more than R15 000	-	15 000
Value of ratable prperties	-	2 046 400
Tariff imposed on residential properties	-	0.003600
Revenue for residential properties	-	7 367
Less: Rebate percentage	-	50%
Rebate	-	3 684
Revenue	-	3 684
20.1.2 Agriculture		
Number of Properties valued at < R15 000	-	73
Number of properties valued at > R15 000	-	568
Number of Properties	-	641
Total valuation of properties	-	797 386 100
Less: Valuation of properties exempted from paying rates	-	196 000
Less: Rebate on properties valued more than R15 000	-	8 520 000
Value of ratable prperties	-	788 670 100
Tariff imposed on agriculture properties	-	0.000900
Revenue for residential properties	-	709 803
Less: Rebate percentage	-	50%
Rebate	-	354 923
Revenue	-	354 880
20.1.3 Commercial		
Number of Properties valued at < R15 000	-	-
Number of properties valued at > R15 000	-	4
Number of Properties	-	4

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
Total valuation of properties	-	13 534 900
Less: Valuation of properties exempted from paying rates	-	-
Less: Rebate on properties valued more than R15 000	-	60 000
Value of ratable properties	-	13 474 900
Tariff imposed on commercial properties	-	0.000900
Revenue for residential properties	-	12 127
Less: Rebate percentage	-	50%
Rebate	-	6 064
Revenue	-	6 064
Commercial		
Number of Properties valued at < R15 000	-	-
Number of properties valued at > R15 000	-	4
Number of Properties	-	4
Total valuation of properties	-	5 820 500
Less: Valuation of properties exempted from paying rates	-	-
Less: Rebate on properties valued more than R15 000	-	60 000
Value of ratable properties	-	5 760 500
Tariff imposed on commercial properties	-	0.003600
Revenue for residential properties	-	20 738
Less: Rebate percentage	-	50%
Rebate	-	10 369
Revenue	-	10 369
20.1.4 Government		
Number of Properties valued at < R15 000	-	-
Number of properties valued at > R15 000	-	1
Number of Properties	-	1
Total valuation of properties	-	4 424 900
Less: Valuation of properties exempted from paying rates	-	-
Less: Rebate on properties valued more than R15 000	-	15 000
Value of ratable properties	-	4 409 900

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
Tariff imposed on government properties	-	0.000900
Revenue for residential properties	-	3 969
Less: Rebate percentage		50%
Rebate	-	1 984
Revenue	-	1 984
20.1.5 Industrial		
Number of Properties valued at < R15 000	-	-
Number of properties valued at > R15 000	-	1
Number of Properties	-	1
Total valuation of properties	-	10 415 300
Less: Valuation of properties exempted from paying rates	-	-
Less: Rebate on properties valued more than R15 000	-	15 000
Value of ratable properties	-	10 400 300
Tariff imposed on industrial properties	-	0.003600
Revenue for residential properties	-	37 441
Less: Rebate percentage		50%
Rebate	-	18 721
Revenue	-	18 721
Summary of Property Rates		
Total Number of Properties valued at < R15 000	-	107
Total Number of properties valued at > R15 000	-	579
Total Number of Properties	-	686
Total valuation of properties	-	833 730 100
Less: Valuation of properties exempted from paying rates	-	283 000
Less: Rebate on properties valued more than R15 000	-	8 685 000
Value of ratable properties	-	824 762 100

Property rates were introduced in the District Management Area for the first time from July 2009 in terms of the Municipal Property Rates Act (No 6 of 2004) .
The levies for property rates will be phased in over a four year period that implies a rebate of 75% in 2009 / 10, 50% in 2010 / 2011, 25% in 2011 / 2012.

The tariff applicable for 2010 / 11 is 50 % of R0.0009 (R0.000225)

The first R 15 000.00 of all properties are exempted from payment of property rates.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

21 SERVICE CHARGES

Sale of water	-	12 789
Refuse removal	-	6 840
Sewerage	-	3 360
Total Service Charges	-	22 989

*Due to the disestablishment of the DMA, revenue for Property Rates and Service Charges has been transferred to discontinued operations.
Refer to note 29.*

22 TRANSFER REVENUE

22.1 Regional Service Levy Replacement Grant

Regional Service Levy Replacement Grant	67 645 000	62 056 000
	67 645 000	62 056 000

22.2 Government Grants & Subsidies

Equitable Share	21 148 873	28 208 456
Financial Management Grant	11 636 000	14 321 573
Municipal Systems Improvement Grant	1 250 000	1 000 000
DWA - Sanitation (Mvula Trust)	1 200 000	1 511 947
NC Tourism - Contribution Tourism Month	1 489 217	1 861 238
District Aids Council	-	50 000
NEAR Control Centre	114 682	4 914
NCPA - Housing Accreditation Grant	-	725 000
NCPA Firefighting Equipment	3 148 561	2 083 235
NCPA - Recycling projects	-	236 842
NCPA - EPWP Bush Clearance	2 061 638	153 845
MIG - Projects	78 452	131 538
Other Grants	-	5 845 596
SETA - Skills Grant	-	165 850
Koopmansfontein Electricity Self Build Scheme	170 324	116 877
DWA: Backlogs in Water & Sanitation at Clinics and Schools	-	-
	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
22.3 Public Contributions	120 000	-
Koopmansfontein self build scheme	96 000	-
ABSA	24 000	
Total Tranfer Revenue	88 913 873	90 264 456
<i>The unspent portions of the conditional grants are treated as current liabilities and disclosed per Note 5 above.</i>		
<i>Only the actual expenditure amounts are transferred to the relevant operating statement to cover the expenditure incurred in terms of the grant conditions.</i>		
23 OTHER INCOME		
Commission: Insurance Payments	6 635	8 546
Salary allocation to Roads Agency (30%) - Director Technical Services		253 276
Cost Recovery - Private usage of Pool Vehicles (IEC)	2 460	6 190
Adjustment of Bad Debts		-
Cemetery Fees		175
Private telephone calls / photo copies	27 390	44 295
Recoverable cost - Salaries		-
Clearance Certificate		2 084
Rentals	6 445	25 812
Sanlam Shares	1 687	-
Workmens Compensation		99 560
Dividends Received	38	942
Insurance Claims	20 708	16 020
Other	16 772	298 985
Total Other Income	82 135	755 884
24 EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Wages	25 185 033	23 488 596
Employee related costs – Contributions for UIF, pensions and medical aids	4 839 696	4 703 930
Motor car and other allowances	2 098 548	1 929 971
Housing benefits and allowances	527 834	542 960
Compulsory cost:- Skills Levy; Workmens Compensation; Industrial Council Contributions	771 980	503 024
Group Insurance	276 098	209 343
Performance bonus	209 320	405 240
Total Employee Related Costs	33 908 509	31 783 065

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Social contributions:

Council makes defined contributions to several pension funds in the following proportions:

Cape Joint Pension Fund

Cape Joint Retirement Fund

SAMWU National Pension Fund

Pension Fund for Municipal Councillors

Remuneration of the Municipal Manager

Annual Remuneration (Total cost to Employer)

Performance Bonuses

Total

Acting since February 2012

Deviation due to vacancy of position since December 2010

Remuneration of the Chief Finance Officer

Annual Remuneration (Total cost to Employer)

Performance Bonuses

Total

Remuneration of Executive Director: Administration

Annual Remuneration (Total cost to Employer)

Performance Bonuses (Average cost)

Total

Remuneration of Executive Director: Infrastructure Services

Annual Remuneration (Total cost to Employer)

Performance Bonuses (Average cost)

Total

2012

R

2011

R

Employer %	Employee %
18,00	9,00
18,00	9,00
18,00	9,00
15,00	13,75

176 531	427 589
-	117 651

176 531	545 239
----------------	----------------

975 270	844 252
54 876	101 642

1 030 146	945 894
------------------	----------------

977 751	844 252
50 655	90 754

1 028 406	935 006
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977 751	844 252
54 876	90 754

1 032 627	935 006
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FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

Remuneration of Executive Director: Planning & Development

Annual Remuneration (Total cost to Employer)

Performance Bonuses (Average cost)

Total

1 088 674	939 131
63 319	90 754
1 151 993	1 029 886

Acting in the position of the Municipal manager since December 2010 till January 2012

25 REMUNERATION OF COUNCILLORS

Executive Mayor

Speaker

Mayoral Committee Members

Councillors

Councillors' pension contribution

Other Obligatory Contributions (Skills Levy,etc.)

Total Councillors' Remuneration

594 284	536 911
477 392	311 994
1 934 773	1 609 773
1 360 040	1 494 840
156 237	319 480
72 457	42 777
4 595 182	4 315 775

In-kind Benefits

The Executive Mayor and Speaker are full time.

Each is provided with a cell phone, office and secretarial support at cost of council. (Cell phone benefit does not exceed the limits as determined by the Remuneration of Public Office Bearers Act)

The Executive Mayor makes use of a Council owned vehicle for ceremonial duties.

The Executive Mayor makes use of a Council owned vehicle and a driver for travelling between Warrenton and her office that is situated in Kimberley.

The monetary value of this benefit for the year amounts to R75 328 (excluding salary of the driver).

26 FINANCE CHARGES

External Loans

Finance Leases

Bank Overdrafts

Total Interest on External Borrowings

1 500 396	1 607 683
15 770	33 317
-	-
1 516 165	1 641 000

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
27	BULK PURCHASES		
	Water	-	11 535
	Total Bulk Purchases	-	11 535
<i>Due to the disestablishment of the DMA, expenses for bulk purchases has been transferred to discontinued operations. Refer to note 29.</i>			
28	GRANTS AND SUBSIDIES PAID TO OTHER MUNICIPALITIES		
28.1	Dikgatlong Municipality	2 647 019	4 594 474
	Streets & Storm Water	-	789 474
	Water	646 691	1 299 279
	Maintenance Projects	2 000 328	2 505 722
28.2	Magareng Municipality	3 912 333	5 360 262
	Water	-	2 492 653
	Refuse	1 600 000	
	Maintenance Projects	2 312 333	2 867 609
28.3	Phokwane Municipality	5 749 172	7 105 912
	Sanitation	-	4 290 111
	Streets & Stormwater	3 701 702	-
	Maintenance Projects	2 047 471	2 815 801
28.4	Sol Plaatje Municipality	2 204 840	500 000
	Water	1 429 960	-
	Maintenance Projects	774 880	500 000
28.5	Other Areas	2 862 063	4 176 637
	Cemeteries	-	12 511
	Water	-	828 133
	Sanitation	-	261 700
	Streets & Storm water	-	283 529
	Fencing	-	216 827
	Electricity	2 862 063	2 055 502
	Maintenance Projects	-	518 435

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

R

2011

R

Summary of infrastructure grants paid to other municipalities

Dikgatlong Municipality
Magareng Municipality
Phokwane Municipality
Sol Plaatje Municipality
District Management Areas

17 375 427

21 737 285

2 647 019
3 912 333
5 749 172
2 204 840
2 862 063

4 594 474
5 360 262
7 105 912
500 000
4 176 637

Council makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development and are treated as grants in kind. Assets with regard to property, plant and equipment funded becomes the property of the participating body who controls the asset.

29 OTHER GRANTS PAID & SPECIAL PROJECTS

29.1 Grants paid to other organs of state

Northern Cape Tourism Authority

135 000

135 000

135 000

135 000

29.2 Other special projects

Council - Special Projects in the Office of the Mayor and Speaker
Special Projects: Office of The Municipal Manager
Youth unit / Manager in office of Municipal Manager
Communications - Communication Projects
Financial Management & Support Prprogrammes
Financial System Support / Operation clean audit
Information Technology Projects
Employee wellness programmes
Tourism Projects
GIS Projects
Planning & Development projects
IDP / PMS Projects
Local Economic Development
Environmental Health Projects
Community Development
Disaster Management
Housing Awareness

8 871 252

6 454 583

300 380
23 934
29 618
21 633
641 634
-
111 632
685 228
1 488 210
412 042
1 188 841
17 094
1 303 228
2 153 675
-
247 151
246 951

118 045
59 109
52 152
1 275 354
490 719
-
353 450
798 019
-
1 393 348
-
1 234 395
213 319
148 445
167 565
150 662

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Summary of Grants and Subsidies Paid

Grants and subsidies paid to other municipalities (Note 28)
 Grants paid to other organs of state (Note 29.1)
 Other special projects (Note 29.2)

Total Grants and Subsidies

2012
R

2011
R

17 375 427	21 737 285
135 000	135 000
8 871 252	6 454 583
26 381 679	28 326 868

30 GENERAL EXPENDITURE

Accommodation
 Audit Fees
 Bank Charges
 Books, Printing & Stationery
 Cellphones
 Cleaning Materials
 Cleaning Motor Vehicles
 Conferences and Seminars
 Council meets the People
 Entertainment / Refreshments
 Free Basic Services
 General Expenses
 General Notices
 Gifts
 Insurance
 Motor vehicle operating cost
 Motor Vehicle Usage
 Municipal Services & Taxes
 Office Requirements
 Pauper Burials
 Postage
 Protective Clothing
 Relocation Costs
 Rental of Buildings & Equipment
 SALGA Membership Fees
 Security Services

1 070 040	744 178
1 330 070	1 070 507
52 934	55 538
474 806	488 692
25 985	61 031
46 273	51 485
12 021	3 605
173 244	116 153
-	128 719
216 389	259 259
-	-
152 136	178 730
705 941	879 458
6 527	2 025
271 889	241 865
744 371	429 558
(50 896)	(32 627)
748 821	500 802
3 778	17 085
4 500	2 000
6 215	10 382
16 212	11 928
43 644	236 505
74 273	239 746
305 936	253 768
414 251	344 641

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
Study Bursaries	57 893	81 442
Training	737 455	564 928
Telephone / Data Lines	493 982	416 567
Transportation	464 856	480 813
Dumping Sites	-	-
Total: General Expenditure	8 603 546	7 838 782
31 DISCONTINUED OPERATIONS		
Income		
Property Rates	-	395 701
Property rates - penalties imposed and collection charges	-	9 686
Service Charges	-	22 989
Total Income	-	428 377
Expenditure		
Bulk Purchases	-	11 535
Maintenance	-	85
General Expenses	-	37 284
Transfer of trade receivables to municipalities	251 593	
Total Expenditure	251 593	48 903
32 CORRECTION OF ERROR		
32.1 Usefull lifes of intangible assetes were wrongly stated in previous financial years		
The comparative amount has been restated as follows		
Accimmulated Amortisation		
Amount previously reported		573 711
Effect of change in usefull lifes of intangible assets for the year till 30 June 2010		(171 325)
Effect of change in usefull lifes of intangible assets for the year ended on 30 June 2011		(50 317)
Restated Balance on 30 June 2011	-	352 069

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
Accummulated Surplus / Deficit			
Amount previously reported (1 July 2010)			62 896 454
Effect of change in usefull lifes of intangible assets for the year till 30 June 2010			171 325
Restated Balance on 30 June 2010		-	63 067 778
Surplus for 2011			
Amount previously reported			13 573 110
Effect of change in usefull lifes of intangible assets for the year ended on 30 June 2011 through Ststatement of financial performance:			
Amortisation previously reported			161 329
Correction of error			(50 317)
Restated Amortisation on 30 June 2011		-	111 012
33	CHANGE IN ACCOUNTING POLICY		
Property Plant & Equipment: Cost Price		2012	2011
33.1	Balance previously reported	-	57 770 987
	Implementation of GRAP		
	Changes in useful lives of assets restatement of asset values according to asset conditions: 1 July 2009	-	1 190 481
	Total	-	58 961 468

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		R	R
33.2	Intangible Assets	2012	2011
	Balance previously reported		-
	Implementation of GRAP		
	First Time recognition of Intangible Assets	-	428 574
	Additions for 2010	-	597 913
	Total	-	1 026 487
33.3	Property Plant & Equipment: Accumulated Depreciation	2012	2011
	Balance previously reported	-	12 266 121
	Implementation of GRAP		
	Accumulated depreciation with regards to other lose assets restated & changes in useful lives recalculated: 1 July 2009	-	(3 718 789)
	Accumulated depreciation with regards to other lose assets restated & changes in useful lives recalculated: 30 June 2010	-	(500 700)
	Total	-	8 046 632
33.4	Intangible Assets: Accumulated Amortisation	2012	2011
	Balance previously reported		-
	Implementation of GRAP		
	First Time recognition of Intangible Assets	-	329 694
	Additions for 2010	-	82 687
	Total	-	412 381

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
33.5	Revaluation Reserve	2011	2012
	Balance previously reported	-	6 542 786
	Implementation of GRAP		
	Changes depreciation of revaluated properties	-	-
	Total Changes	-	6 542 786
	<i>Movements in Statement in Change In Net Assets</i>	-	(383 463)
	Total of Reserve	-	6 542 786
33.6	Accumulated Surplus	2012	2011
	Balance previously reported	-	56 582 199
	Implementation of GRAP		
	Previously corrected	-	4 862 293
	Changes in useful lives of assets restatement of asset values according to asset conditions: 1 July 2009	-	-
	Accumulated depreciation with regards to other lose assets restated & changes in useful lives recalculated: 1 July 2009	-	-
	Changes in useful lives of assets restatement of asset values according to asset conditions - revaluation: 1 July 2009	-	-
	Changes in useful lives of assets restatement of asset values according to asset conditions - revaluation: 1 July 2010	-	93 412
	First time recognition of intangible assets - cost	-	-
	First time recognition of intangible assets - amortisation	-	-
	Intangible assets purchased 2010	-	597 913
	Total changes in accounting policies charged to Statement Of Changes in Net Assets	-	691 325
	Accumulated depreciation with regards to other lose assets restated & changes in useful lives recalculated: 1 July 2010	-	500 700
	Amortisation 2010	-	(82 687)
	Changes in Net Assets effecting Statement of Financial Performance	-	418 013
	Total	-	62 553 830

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

34 CASH GENERATED BY OPERATIONS

Surplus for the year	(11 271 720)	13 623 428
Adjustment for:-		
Depreciation / Impairments	3 776 742	3 343 567
Impairments	18 664 664	24 956
Amortisation of Intangible Assets	121 078	111 012
Gain / Loss on disposal of property, plant and equipment	615 192	(254 056)
Grants received (restated 2012)	86 365 123	89 947 488
Grants recognised as revenue (Restated 2012)	(88 913 873)	(91 764 456)
Contribution from/to Employee Benefits - Current	2 591 675	2 171 692
Contribution from/to Employee Benefits - Current - Expenditure incurred	(2 083 374)	(1 959 964)
Contribution from/to Employee Benefits - Non-Current	2 188 195	2 294 539
Contribution from/to Employee Benefits - Non-Current - Expenditure incurred	(736 578)	(1 435 628)
Contribution from/to Employee Benefits - Non-Current - Actuarial losses	1 514 214	413 589
Contribution from/to Employee Benefits - Non-Current - Actuarial gains	(250 656)	-
Impairment written off		580 000
Operating lease expenses accrued	1 143	2 571
<i>Operating surplus before working capital changes:</i>	<i>12 581 824</i>	<i>17 098 739</i>
(Increase) / Decrease in Inventories	20 348	(96 729)
(Increase) / Decrease in Other Receivables	747 122	978 657
(Decrease) / Increase in Payables	3 101 167	(3 375 821)
Decrease in Taxes	300 104	736 753
<i>Cash generated by operations</i>	<i>16 750 565</i>	<i>15 341 599</i>

35 CASH AND CASH EQUIVALENTS

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

Call Investments Deposits - Note 19.1	83 500 000	70 500 000
Cash Floats - Note 19.3	3 300	3 300
Bank - Note 19.2	2 710 864	2 624 852
Total cash and cash equivalents	86 214 164	73 128 152

36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Cash and Cash Equivalents - Note 35

Less:

Unspent Committed Conditional Grants - Note 5

Secured Investments

Net cash resources available for internal distribution

Allocated to:

Capital Replacement Reserve

Employee Benefits

Social Contribution Reserve

Non-Current Provisions Reserve

Valuation Roll Reserve

Resources available for working capital requirements

37 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 1

Used to finance property, plant and equipment - at cost

Cash set aside for the repayment of long-term liabilities

Cash invested for repayment of long-term liabilities

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.21 % and 17.82 % and will be repaid by 2028

2012 R	2011 R
86 214 164	73 128 152
86 214 164	73 128 152
2 178 633	4 727 383
2 178 633	4 727 383
-	-
84 035 531	68 400 769
5 522 089	4 411 867
22 526 251	20 098 679
-	-
-	-
-	-
55 987 191	43 890 223
11 485 678	12 814 927
(11 485 678)	(12 814 927)
-	-
-	-
-	-
-	-
-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

38. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED ON 30 JUNE 2012

Description	Original Budget	Budget Adjustments	Virement	Final budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome As % Of Final Budget	Actual Outcome As % Of Original Budget
<u>Financial Performance</u>									
Property rates	-	-	-	-	-	-	-	0%	0%
Service charges	-	-	-	-	-	-	-	0%	0%
Investment revenue	4 878 000	4 878 000	-	4 878 000	5 491 386	-	(613 386)	113%	113%
Transfers recognised - operational	95 603 000	101 408 600	-	101 408 600	88 913 873	-	12 494 727	88%	93%
Other own revenue	1 035 400	1 035 400	-	1 035 400	840 282	-	195 118	81%	81%
Total revenue (excluding capital transfers and contributions)	101 516 400	107 322 000	-	107 322 000	95 245 541	-	12 076 459	89%	94%
Employee costs	38 459 190	38 474 990	-	38 474 990	33 908 509	-	4 566 481	88%	88%
Remuneration of councilors	5 521 430	5 521 430	-	5 521 430	4 595 182	-	926 248	83%	83%
Debt impairment	3 000	3 000	-	3 000	-	-	3 000	0%	0%
Depreciation & asset impairment	3 625 550	3 625 550	-	3 625 550	22 562 484	-	(18 936 934)	622%	622%
Finance charges	2 015 410	2 015 410	-	2 015 410	3 258 997	-	(1 243 587)	162%	162%
Materials and bulk purchases	3 847 550	3 427 150	-	3 427 150	2 313 608	-	1 113 542	68%	60%
Transfers & grants	37 315 850	42 664 050	-	42 664 050	26 381 679	-	16 282 371	62%	71%
Other expenditure	15 033 280	15 686 670	-	15 686 670	13 245 210	-	2 441 460	84%	88%
Total Expenditure	105 821 260	111 418 250	-	111 418 250	106 265 668	-	5 152 582	95%	100%
Transfers recognised - capital	-	-	-	-	-	-	-	0%	0%
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	0%	141%
Surplus / (Deficit) after capital transfers & contributions	(4 304 860)	(4 096 250)	-	(4 096 250)	(11 020 127)	-	6 923 877	269%	256%
Share of surplus / (deficit) of associate	-	-	-	-	-	-	-	0%	0%
Surplus / (Deficit) for the year	(4 304 860)	(4 096 250)	-	(4 096 250)	(11 020 127)	-	6 923 877	269%	256%

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

38. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED ON 30 JUNE 2012

<u>Capital expenditure & funds sources</u>									
Capital expenditure									
Transfers recognised - capital	-	-	-	-	-	-	-	0%	0%
Public contributions & donations				-		-	-	0%	0%
Borrowing				-		-	-	0%	0%
Internally generated funds	2 987 600	4 415 020	-	4 415 020	2 198 554	-	(714 490)	50%	74%
Total sources of capital funds	2 987 600	4 415 020	-	4 415 020	2 198 554	-	(714 490)	50%	74%
<u>Cash Flows</u>									
Net cash from (used) operating	19 122 097	13 788 953	-	13 788 953	16 750 565	-	(2 961 612)	121%	88%
Net cash from (used) investing	(2 896 100)	(4 393 170)	-	(4 393 170)	(2 375 444)	-	(2 017 726)	54%	82%
Net cash from (used) financing	1 020 332	1 020 330	-	1 020 330	(1 289 109)	-	2 309 439	-126%	-126%
Cash / cash equivalents at year end	45 006 524	55 143 948	-	55 143 948	86 214 164	-	(31 070 216)	156%	192%

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
39.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	-	447 035
Unauthorised expenditure current year	40 340	-
Non cash unauthorised for the year	4 817 435	-
Recovered amounts	-	(447 035)
Approved by Council or condoned	-	-
Transfer to receivables for recovery (Note 8.2)	-	-
Unauthorised expenditure awaiting authorisation	<u>4 857 775</u>	<u>-</u>
Exempt for unauthorised use of operational funds for capital expenditure of R40,340, no other unauthorised expenditure occurred. The amount has been approved by council on 25 July 2012 The non cash unauthorised expenditure consist of overspending on impairment losses and finance charge on staff benefits that cannot be determined beforehand		
39.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	5 253	3 966
Fruitless and wasteful expenditure current year	-	66 478
Condoned or written off by Council	-	(61 224)
Recovered	-	(3 966)
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>5 253</u>	<u>5 253</u>
Except for interest paid to the amount of R5 253 which has been discovered during the audit, all other expenses has been submitted and approved by council.		
39.3 Irregular expenditure		
Reconciliation of irregular expenditure		
Opening balance	8 945 792	7 084 067
Irregular expenditure current year	2 144 717	1 861 725
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting authorisation	<u>11 090 508</u>	<u>8 945 792</u>
Except for supply chain management processes not followed to the amount of R11,213,523, all other expenses has been submitted and approved by council. R11,173,359 has been approved by council on 25 July 2012.		

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
39.4	<u>Material Losses</u>		
	Electricity distribution losses		
	Units purchased (Kwh)	-	-
	- Units lost during distribution (Kwh)	-	-
	- Percentage lost during distribution	-	-
	Water distribution losses		
	- Mega liters purified	-	-
	- Mega liters lost during distribution	-	-
	- Percentage lost during distribution	-	-
	<i>No material losses occurred during the year</i>		
40	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
40.1	Contributions to organized local government		
	Opening balance	-	-
	Council subscriptions	305 936	253 768
	Amount paid – current year	(305 936)	(253 768)
	Amount paid – previous years	-	-
	<i>Balance unpaid (included in creditors)</i>	-	-
40.2	Audit fees		
	Opening balance	-	-
	Current year audit fee	1 328 533	1 070 507
	Amount paid – current year	(1 328 533)	(1 070 507)
	Amount paid – previous years	-	-
	<i>Balance unpaid (included in creditors)</i>	-	-
40.3	PAYE and UIF		
	Opening balance	-	1 438
	Current year payroll deductions	6 404 571	5 808 371
	Amount paid – current year	(6 402 268)	(5 808 371)
	Amount paid – previous years	-	(1 438)
	<i>Balance unpaid (included in Trade Payables)</i>	2 303	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
40.4 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 254 673	8 244 460
Amount paid – current year	(6 252 941)	(8 244 460)
Amount paid – previous years	-	-
<i>Balance unpaid (included in Trade Payables)</i>	<u><u>1 732</u></u> <i>ss</i>	<u><u>-</u></u>

- 40.5 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**
Supply Chain Management Policy has been amended and adopted by Council with an effective date of 1st January 2008 for implementation..
- The following deviations were allowed in terms of the Supply Chain Policy for the year under review.*

Supplier	Service	Amount
2012		
Electro Labs	Replacement & Repair of UPS batteries	42 209
HR Concepts	Analysis of the organisational structure for grading purposes	28 520
High Voltage Electrical	Construction of 11Kv powerline	227 972
First Technology	Upgrate of DRP Project	281 371
Mojalefa Trading	Roofing for recreation hall	71 207
CQS Tecgnology	Acquisition of data analysis tool	113 658
Imperial Isuzu	Purchase refuse truck	1 843 819
Wills Construction	Repair & Construc emergency houses	805 200
Mojalefa Trading	Alterations to recreation hall	57 440
Momar	Procure sanitation chemicals for Dikgatlong	30 341
HR Concepts	Task job evaluation system	23 824
Ngaola Leuba Trading	Waste recycling project	48 919
Bafana Bafana	Constuct powrline in Koopmansfontein	31 497
Interconnect Systems	Install cable rack	5 679
Mooks Electrical	Power redundant instillation	193 629
Drumbeat Safaries	Train Tourism Site Guides	76 095

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
Headline Leasure	Businessplan Competition	46 850	
C- Squard consumer connectedness	Outfits for SAMSRA Games	48 826	
Little Switzerland Resort	Accommodation for aSAMSRA Games	234 380	
National flag and brandering	Purghase of flags	32 067	
Deborah Seema	Tourism Gradinf Support Plan	100 000	
Space Age Technology	Disaster Recovery Upgrade	106 704	
Premier Auto	Procure Captiva	278 908	
Gibela Trade Invest	Purchase of caravan	202 977	
Bafana Bafana	Constuct powrline in Koopmansfontein	2 140 992	
Arch Actuarial Consulting	Actuarial services	46 170	
		<hr/>	
Total		4 243 504	
		<hr/> <hr/>	
2011			
Mubesco Africa	Review of Accounting and Asset policies		125 856
Matsapa Trading	Erect fence in Koopmansfontein		199 346
CQS Technology Holdings	Data Analytical Software (Internal Audit)		60 848
ESRI South Africa	GIS Server		67 431
Muncomp Systems (PTY)	Munadmin Training		35 832
Kallima Graphics & Web Design	Develop Web Page		35 000
HR Concepts	Develop Job Descriptions		13 680
Coen Frankel Landmeters	Survey of Koopmansfontein properties		95 363
M Gool trading as Mooks Electrical	Issuing of compliance certificate		228 000
Bargain Tents	Tents for flood victims		270 000
Lavender Moon Trading	Water purification Programme		127 338
Econ-Mine trading as Urban Econ	Feasibility study - Phokwane Vegetable Garden		98 040
Bits & nPeases	Training for beading & sewing		41 315
VIP Softline	Upgrade software		199 293
Rovic & Leers	Farming Tractor		249 090
Gibela Trade & Investment	Caravan for Grader		202 977
MHP Geospace	Land Audit		99 864
Business Connexion	Consulting services		442 456
ITEC Northern Cape	Maintenance contract on Lexmark Printer		1.30 Per Copy
Kimberley Bakkie Centre	Trade in Redundant Vehicles (Receipt)		55 000
		<hr/>	<hr/>
Total		-	2 646 728
		<hr/> <hr/>	<hr/> <hr/>

40.6 Non-Compliance - Section 125(2) (e) of the Municipal Finance Management Act
No matters to report

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012		2012 R	2011 R
40.7	Awards to close family members of persons in service of the state - Section 45 of the Supply Chain Regulations		
	The wife of PF de Klerk, sole member of Panprop CC trading as Valudata, is an employee of the Sal Plaatje Municipality.	75 250	-
41	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure		
	Approved and contracted for	-	97 507
	Other Assets	-	52 507
	Community	-	45 000
	Heritage	-	-
	Approved and not yet contracted for	9 013 270	3 399 680
	Other Assets	9 013 270	3 399 680
	Community	-	-
	Heritage	-	-
	The expenditure will be financed from		
	External Borrowings	-	-
	Internal Funding (Own Resources)	9 013 270	3 497 187
		9 013 270	3 497 187
42	CONTINGENT LIABILITIES		
42.1	<u>Implementation of Task</u>		
	According to the Office Bearers Act, a district municipality will be rated at the highest level at which the local municipalities in its DMA are rated. FBDM is therefore rated at Grade 4. However, with the implementation of Task by SALGA, the municipality has been rated at Grade 2. A dispute has been declared, the outcome of which is still pending. The implication of the regrading is:		
	Should the appeal be succesful, i.e. a higher grading, a salary increase is envisaged.		
	Should the appeal not succeed, the status quo remains.		
	<u>Registration of landfill site - Magareng Municipality</u>		
42.2	The District Municipality assisted Magareng Municipality to register the landfill site. The site was incorrectly registered in the name of the District Municipality. Steps has been implemented to correct this error and to issue a new permit for the Magareng Municipality.		
42.3	<u>Labour Disputes</u>		
	The District Municipality have one labour case pending against the municipality. The estimated legal cost that will be incurred in order to finalise the matter amounts to R50,000.		

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012		2012 R	2011 R
42.4	<u>Implementation of the "e" Venus Fiancial System</u> <i>Dikgatlong Local Municipality have declared a dispute with Business Connexion - BCX with regard to outstanding invoices to the estimated amount of R648,468 not paid in respect of the implementation and support on the "e" Venus Financial system since January 2010. As the District Municipallty have entered into to an agreement with Business Connexion - BCX on the implementation of the financial system the dispute is likely to escalate to the District Municipality as indicated by Dikgatlong Municipality.</i> Wage Curve Dispute SALGA / IMATU <i>The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.</i>		
43	FINANCIAL RISK MANAGEMENT <i>The activities of the District Municipality exposed it to a variety of financial risks, including market risk (comprising currency risk,fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The District Municipality's risks are:</i>		
43.1	Foreign Exchange Currency Risk: <i>The District Municipality does not engage in foreign currency transactions.</i>		
43.2	Price Risk <i>The municipality is not exposed to price risk.</i>		
43.3	Interest Rate Risk: <i>As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.</i> <i>The municipality analyses its potential exposure to interest rate changes on a continous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/defecit for the year. These scenarios are only simulated for liabittities which constitute the majority of interest bearing liabilities.</i> <i>The municipality did not hedge against any interest rate risks during the current year.</i> <i>The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:</i>		
	0.5% (2011 - 0.5%) Increase in interest rates	366 961	295 086
	0.5% (2011 - 0.5%) Decrease in interest rates	(366 961)	(295 086)

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

43.4 Credit Risk:

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

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
Water	-	-	-	-
Rates	-	-	-	-
	-	-	-	-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although te credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

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

Financial assets exposed to credit risk at year end are as follows:

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<i>Investments</i>	-	-
<i>Borrowings</i>	12 818 588	14 107 697
<i>Current Portion of Borrowings</i>	1 332 911	1 292 770
<i>Long Term Receivables</i>	-	-
<i>Trade receivables from exchange transactions</i>	-	-
<i>Other receivables from non-exchange transactions</i>	1 680 585	2 184 489
<i>Current Portion of Long-term Receivables</i>	-	-
<i>Short-term Investment Deposits</i>	83 500 000	70 500 000
<i>Current Investments</i>	2 900 000	2 900 000
<i>Bank and Cash Balances</i>	2 714 164	2 628 152
Maximum Credit and Interest Risk Exposures	104 946 248	93 613 109

43.5 Liquidity Risk:

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2012				
Long Term liabilities	2 694 380	12 001 606	6 648 018	-
<i>Capital repayments</i>	1 332 911	7 929 517	5 680 422	-
<i>Interest</i>	1 361 470	4 072 089	967 596	-
<i>Trade and Other Payables</i>	5 368 725	-	-	-
<i>Unspent conditional government grants and receipts</i>	2 178 633	-	-	-
	10 241 738	12 001 606	6 648 018	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2011

Long Term liabilities

2 799 899

14 148 780

2012
R

2011
R

5 318 414

-

Capital repayments

1 292 770

8 153 548

4 661 379

-

Interest

1 507 129

5 995 232

657 036

-

Trade and Other Payables

2 267 558

-

-

-

Unspent conditional government grants and receipts

4 727 383

-

-

-

9 794 840

14 148 780

5 318 414

-

44 FINANCIAL INSTRUMENTS

The financial sets of the municipality are classified as follows:

Financial Assets

Classification

Investments

Term Deposits

Financial instruments at amortised cost

2 900 000

2 900 000

Shares

Financial instruments at fair value

2 900 000

6 218

Long-term Receivables

Staff Loans

Financial instruments at amortised cost

-

-

Consumer Debtors

Trade receivables from exchange transactions

Financial instruments at amortised cost

-

-

Other Debtors

Payments made in Advance

Financial instruments at amortised cost

117 852

-

Current Portion of Long-term Receivables

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
Staff Loans	Financial instruments at amortised cost	-	-
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	83 500 000	70 500 000
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	2 710 864	2 624 852
Cash Floats and Advances	Financial instruments at amortised cost	3 300	3 300
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost			
Investments	Term Deposits	-	2 900 000
Investments	Shares	2 900 000	6 218
Short-term Investment Deposits	Call Deposits	83 500 000	70 500 000
Bank Balances		2 710 864	2 624 852
Cash Floats and Advances		3 300	3 300
Long-term Receivables	Staff Loans	-	-
Taxation Revenue	Non-Exchange Transactions	-	-
Consumer Debtors	Exchange transactions	-	-
Other Debtors	Payments made in advance	117 852	-
Current Portion of Long-term Receivables	Staff Loans	-	-
		89 232 016	76 034 370
<u>FINANCIAL LIABILITIES</u>			
<u>Financial liabilities</u>			
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	11 485 678	12 780 628
Capitalised Lease Liability	Financial instruments at amortised cost	0	34 299

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
Provisions		28 550 739	25 327 263
Creditors			
Trade creditors	Financial instruments at amortised cost	2 018 012	-
Payments received in advance	Financial instruments at amortised cost	11 814	37 252
Retentions	Financial instruments at amortised cost	341 906	432 923
Other creditors	Financial instruments at amortised cost	2 996 994	1 797 383
Operating Lease Liability			
Operating Lease Liability	Financial instruments at amortised cost	-	-
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	1 332 911	1 292 770
Total Financial Liabilities		46 738 053	41 702 518

45 EVENTS AFTER THE REPORTING DATE

None at reporting date

46 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

47 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in note 38, Annexures "E (1) and E (2)".

48 RELATED PARTY TRANSACTIONS

48.1 Year ended 30 JUNE 2011

	Rates	Service Charges	Other	Outstanding Balances
Councillors	-	-	-	-
Municipal Manager and Section 57 Employees	-	-	-	-

Year ended 30 JUNE 2010

Councillors	-	-	-	-
Municipal Manager and Section 57 Employees	-	-	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

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

48.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 12 to the Annual Financial Statements.

48.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

48.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

<u>Councillor/Staff Member</u>	<u>Entity</u>
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APPENDIX A (Unaudited)

FRANCES BAARD DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 01/07/2010	Received during the period	Redeemed written off during the period	Balance at 30/06/2011	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
LONG-TERM LOANS			R	R	R	R	R	R
Registered Stock Loans			-	-	-	-		
Total Long-Term Loans			-	-	-	-	-	-
ANNUITY LOANS								
DBSA Loan:-								
Frances Baard council Chamber & Offices	103363/1	10 Years	13 948 476	-	1 164 186	12 784 290		
Total Annuity Loans			13 948 476	-	1 164 186	12 784 290	-	-
GOVERNMENT LOANS								
Total Government Loans			-	-	-	-	-	-
LEASE LIABILITY								
Lease Liability			159 221	-	124 923	34 299		
Total Lease Liability			159 221	-	124 923	34 299	-	-
TOTAL EXTERNAL LOANS			14 107 697	-	1 289 109	12 818 588	-	-

APPENDIX B (Unaudited)

FRANCES BAARD DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

30 June 2012	Cost / Revaluation								Accumulated Depreciation									Carrying Value	Budget Additions 2012
	Balance at 01/07/2011	Transfers to / from other categories	Restated balance	Additions	Revaluation Movements / Impairments	Under Construction	Disposals	Balance at 30/06/2012	Balance at 01/07/2011	Transfers to / from other categories	Change in Accounting Policy - 2011	Restated balance	Change in Accounting Policy - 2012	Additions	Impairments	Disposals	Balance at 30/06/2012		
COMMUNITY ASSETS																			
Land & Buildings	106 676	-	106 676	-	-	-	-	106 676	53 338	-	-	53 338	-	10 668		-	64 006	42 670	-
Security Measures	542 676	-	542 676	4 293	-	-	101 754	445 214	175 098	-	-	175 098	-	73 489		65 292	183 295	261 919	300 000
Total: Community Assets	649 351	-	649 351	4 293	-	-	101 754	551 890	228 436	-	-	228 436	-	84 157	-	65 292	247 300	304 590	300 000
HERITAGE ASSETS																			
Statues	627 427	-	627 427	3 990	-	-	-	631 417	-	-	-	-	-	-	-	-	-	631 417	4 000
Total: Heritage Assets	627 427	-	627 427	3 990	-	-	-	631 417	-	-	-	-	-	-	-	-	-	631 417	4 000
OTHER ASSETS																			
Land & Buildings	42 662 839	-	42 662 839	1 041 584	(2 876 313)	-	-	40 828 109	5 220 446	-	-	5 220 446	-	1 351 797	-	-	6 572 243	34 255 867	1 185 000
Office Equipment	3 148 667	-	3 148 667	81 032	-	-	228 621	3 001 077	898 921	-	-	898 921	-	431 825	-	141 268	1 189 479	1 811 598	49 300
Office Equipment - Finance leases	337 110	-	337 110	-	-	-	-	337 110	76 251	-	-	76 251	-	48 159	-	-	124 409	212 700	-
Furniture & Fittings	2 964 019	-	2 964 019	39 992	-	-	36 727	2 967 284	1 038 668	-	-	1 038 668	-	373 923	-	21 286	1 391 305	1 575 979	33 000
Plant & Machinery	1 983 809	-	1 983 809	15 869	-	-	48 784	1 950 894	538 295	-	-	538 295	-	303 302	-	27 102	814 494	1 136 400	122 000
Plant & Machinery - Residual Value	298 000	-	298 000	-	-	-	-	298 000	-	-	-	-	-	-	-	-	-	298 000	-
Emergency Equipment	974 092	-	974 092	-	-	-	-	974 092	297 448	-	-	297 448	-	108 484	-	-	405 932	568 160	-
Motor Vehicle	2 338 706	-	2 338 706	465 612	-	-	112 194	2 692 124	978 636	-	-	978 636	-	330 461	-	72 914	1 236 183	1 455 941	470 000
Motor Vehicle - Residual Value	1 254 382	-	1 254 382	-	-	-	128 111	1 126 271	-	-	-	-	-	-	-	-	-	1 126 271	-
Land Fill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	5 058 607	-	5 058 607	546 182	-	-	652 921	4 951 868	1 389 522	-	-	1 389 522	-	744 635	-	366 058	1 768 099	3 183 769	1 286 700
Total: Other Assets	61 020 229	-	61 020 229	2 190 271	(2 876 313)	-	1 207 358	59 126 829	10 438 187	-	-	10 438 187	-	3 692 585	-	628 628	13 502 143	45 624 686	3 146 000
Less transferred to Non - Current Assets Held for Sale	-			-				(148 602)	-			(50 025)					(73 447)	(75 155)	
Discontinued operations	(154 876)		(154 876)	-				-									-	-	
TOTAL ASSETS	62 142 132	-	62 142 132	2 198 554	(2 876 313)	-	1 309 112	60 161 534	10 666 622	-	-	10 616 597	-	3 776 742	-	693 920	13 675 997	46 485 537	3 450 000

R45 000 under community assets still under consruction

APPENDIX C (Unaudited)																
FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012																
	Cost										ACCUMULATED DEPRECIATION					Carrying Value
	Balance at 01/07/2011	Residual Value at 1 July 2011	Additions		Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Transfers / Adjustments	Balance at 30/06/2012	Balance at 01/07/2011	Additions / Impairments	Disposals	Transfers / Adjustments	Balance at 30/06/2012	
Municipal Governance & Administration	10 307 200	1 128 417	672 930		169 990	-	961 033	128 111	-	11 189 393	3 362 019	1 417 677	552 422	-	4 227 275	6 962 119
Executive & Council	2 399 300	-	37 916		-	-	63 898	-	-	2 373 318	889 640	293 737	36 889.62	-	1 146 487	1 226 831
Mayor & Council	1 779 939		1 550			-	38 772		-	1 742 717	651 329	223 314	23 367	-	851 275	891 441
Office of the Municipal Manager	619 361		36 366			-	25 126		-	630 602	238 311	70 423	13 523	-	295 212	335 390
Budget & Treasury Office	2 866 977	1 128 417	125 334		169 990	-	129 003	128 111	-	4 033 605	1 305 551	347 543	86 555	-	1 566 539	2 467 065
Corporate Services	5 040 923		509 679.74			-	768 131.93		-	4 782 470	1 166 828	776 397	428 977	-	1 514 248	3 268 222
Human Resources	53 496	-	-		-	-	736	-	-	52 760	23 401	6 159	382		29 179	23 581
Information Technology	3 912 493	-	500 384		-	-	548 607	-	-	3 864 270	746 609	640 869	298 833		1 088 645	2 775 625
Other Admin	1 074 933	-	9 296		-	-	218 789	-	-	865 440	396 818	129 369	129 762		396 424	469 016
Community Services & Public Safety																
Community & Social Services	1 643 717	125 965	42 985		-	-	691	-	-	1 811 975	389 099	237 191	359	-	625 931	1 186 045
Community Services										-						
Public Safety - Civil Defense	1 323 231	73 965	1 101		-	-	691	-		1 397 606	309 395	184 979	359		494 016	903 590
Housing	320 485	52 000	41 884		-	-	-	-		414 370	79 704	52 211	-		131 915	282 455
Economic & Environmental Services	48 793 709	298 000	1 312 649	(2 876 313)	-	45 000	170 494	-	-	47 402 551	6 915 504	2 121 872	114 038	-	8 923 339	38 479 213
Planning & Development	48 514 202	298 000	1 312 649	(2 876 313)	-	45 000	170 494	-		47 123 044	6 793 420	2 089 683	114 038		8 769 065	38 353 979
Environmental Protection	279 508	-	-		-	-	-	-		279 508	122 085	32 189	-		154 274	125 234
TOTAL PER STANDARD CLASSIFICATION	60 744 626	1 552 382	2 028 564	(2 876 313)	169 990	45 000	1 132 218	128 111	-	60 403 920	10 666 622	3 776 740	666 818	-	13 776 544	46 627 376
Less transferred to Non- Current Assets Held for Sale	-154 876									(148 602)					(73 446.66)	(75 154.88)
Discontinued operations										-					-	-
Total Assets	60 589 750	1 552 382	2 028 564	-2 876 313	169 990	45 000	1 132 218	128 111	-	60 255 319	10 666 622	3 776 740	666 818	-	13 703 097	46 552 221
* Internal Transfers																

APPENDIX D (Unaudited)

FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2012

Actual Income 2011 R	Actual Expenditure 2011 R	Surplus / (Deficit) 2011 R		Actual Income 2012 R	Actual Expenditure 2012 R	Surplus / (Deficit) 2012 R
<div>71 936 688</div> <div>1 393 914</div> <div>1 393 914</div> <div>-</div> <div>70 542 774</div> <div>-</div> <div>-</div> <div>-</div> <div>-</div>	<div>(41 835 214)</div> <div>(12 762 910)</div> <div>(6 885 899)</div> <div>(5 877 011)</div> <div>(17 026 419)</div> <div>(12 045 885)</div> <div>(3 079 489)</div> <div>(3 867 269)</div> <div>(5 099 127)</div>	<div>30 101 474</div> <div>(11 368 996)</div> <div>(5 491 985)</div> <div>(5 877 011)</div> <div>53 516 355</div> <div>(12 045 885)</div> <div>(3 079 489)</div> <div>(3 867 269)</div> <div>(5 099 127)</div>	Municipal Governance & Administration Executive & Council Mayor & Council Office of the Municipal Manager Budget & Treasury Office Corporate Services Human Resources Information Technology Other Admin	<div>76 734 314</div> <div>1 762 682</div> <div>1 738 682</div> <div>24 000</div> <div>74 971 632</div> <div>-</div> <div>-</div> <div>-</div>	<div>(43 317 097)</div> <div>(12 613 264)</div> <div>(7 324 473)</div> <div>(5 288 790)</div> <div>(18 241 613)</div> <div>(12 462 221)</div> <div>(3 444 611)</div> <div>(3 526 742)</div> <div>(5 490 868)</div>	<div>33 417 216</div> <div>(10 850 582)</div> <div>(5 585 791)</div> <div>(5 264 790)</div> <div>56 730 019</div> <div>(12 462 221)</div> <div>(3 444 611)</div> <div>(3 526 742)</div> <div>(5 490 868)</div>
<div>3 045 077</div> <div>961 842</div> <div>-</div> <div>961 842</div> <div>2 083 235</div>	<div>(4 770 540)</div> <div>(2 622 317)</div> <div>-</div> <div>(2 622 317)</div> <div>(2 148 223)</div>	<div>(1 725 463)</div> <div>(1 660 475)</div> <div>-</div> <div>(1 660 475)</div> <div>(64 988)</div>	Community Services & Public Safety Community & Social Services Community Services Public Safety - Civil Defense Housing	<div>3 148 561</div> <div>-</div> <div>-</div> <div>-</div> <div>3 148 561</div>	<div>(6 519 213)</div> <div>(3 351 664)</div> <div>-</div> <div>(3 351 664)</div> <div>(3 167 549)</div>	<div>(3 370 652)</div> <div>(3 351 664)</div> <div>-</div> <div>(3 351 664)</div> <div>(18 988)</div>
<div>22 860 632</div> <div>22 706 787</div> <div>153 845</div>	<div>(37 992 689)</div> <div>(36 280 091)</div> <div>(1 712 598)</div>	<div>(15 132 057)</div> <div>(13 573 304)</div> <div>(1 558 753)</div>	Economic & Environmental Services Planning & Development Environmental Protection	<div>15 362 667</div> <div>10 301 029</div> <div>5 061 638</div>	<div>(56 429 358)</div> <div>(52 737 882)</div> <div>(3 691 476)</div>	<div>(41 066 691)</div> <div>(42 436 853)</div> <div>1 370 162</div>
<div>97 842 396.88</div>	<div>(84 598 443.00)</div>	<div>13 243 953.88</div>	SUB TOTAL	<div>95 245 541</div>	<div>(106 265 668.31)</div>	<div>(11 020 127)</div>
<div>428 377</div>	<div>(48 903.38)</div>	<div>379 473</div>	Discontinued Operations		<div>(251 593)</div>	<div>(251 593)</div>
<div>98 270 774</div>	<div>(84 647 346)</div>	<div>13 623 427</div>	TOTAL	<div>95 245 541</div>	<div>(106 517 261)</div>	<div>(11 271 720)</div>

APPENDIX E1 (Unaudited)

FRANCES BAARD DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus Budget
REVENUE					
Property Rates - DMA	-	-	-	0.00%	Deviation not significant
Property rates - penalties imposed and collection charges	-	-	-	100.00%	Deviation not significant
Regional Service Levy Replacement Grant	67 645 000	67 645 000	-	0.00%	None
Government grants and subsidies	21 268 873	33 763 600	(12 494 727)	-37.01%	EPWP funds to the amount of R10,2m did not realised. All DWA funds not spended.
Actuarial Gains	250 656	-	250 656	100.00%	Under budget
Service charges	-	-	-	0.00%	
Rental of facilities and equipment	507 491	90 000	417 491	463.88%	Rental of grader nor correctly provided in budget
Interest earned - external investments	5 491 386	4 878 000	613 386	12.57%	Lower interest rates
Income for agency services	-	-	-	0.00%	Deviation not significant
Other income	82 135	865 400	(783 265)	-90.51%	Grader under utilised
Gains on disposal of property, plant and equipment	-	80 000	(80 000)	0.00%	Amount not significant
Total Revenue	95 245 541	107 322 000	(12 076 459)	-12.68%	
EXPENDITURE					
Executive & Council	12 613 264	17 095 590	(4 482 327)	-26.22%	Expenditure on Special Projects less than expected and vacant posts not filled
Budget & Treasury Office	18 241 613	15 821 550	2 420 063	15.30%	Deviation not significant
Corporate Services	12 462 221	15 598 150	(3 135 929)	-20.10%	Expenditure on Special Projects, Maintenance and consultancy less than expected and vacant posts not filled.
Planning & Development	52 737 882	50 340 510	2 397 372	4.76%	Overspending due to asset impairments
Housing	3 167 549	4 514 820	(1 347 271)	-29.84%	
Public Safety - Civil Defense	3 351 664	3 364 540	(12 876)	-0.38%	Deviation not significant
Environmental Protection	3 691 476	4 683 090	(991 614)	-21.17%	Under spending due to under spending on special projects
Total Expenditure	106 265 668	111 418 250	(5 152 582)	-4.85%	

APPENDIX E2 (Unaudited)

FRANCES BAARD DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012

Revenue	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus budget
COMMUNITY ASSETS					
Land & Buildings	-	-	-	-100.00%	Still under construction - paid last year
Security Measures	4 293	300 000	(295 707)	0.00%	Budgeted under other assets and additional approvals by council
Total: Community Assets	4 293	300 000	(295 707)	100.00%	
HERITAGE ASSETS					
Statues	3 990	4 000	(10)	0.00%	None
	3 990	4 000	(10)	0.00%	
OTHER ASSETS					
Land & Buildings	1 041 584	1 185 000	(143 416)	-12.10%	Savings on building cost
Office Equipment	81 032	49 300	31 732	0.00%	
Furniture & Fittings	39 992	33 000	6 992	0.00%	Amount not significant
Plant & Machinery	15 869	122 000	(106 131)	0.00%	Savings
Emergency Equipment	-	-	0	0.00%	
Motor Vehicle	465 612	470 000	-4 387.75	0.00%	Deviation not significant
Computer Equipment	546 182	1 286 700	(740 518)	0.00%	Replacement of equipment did not realised. Budget for intangible assets included
Total Other Assets	2 190 271	3 146 000	(955 729)	-43.64%	
TOTAL ASSETS	2 198 554	3 450 000	(1 251 436)	-56.92%	