



Malkajgiri Local Municipality
Registration code FSI03
Annual Financial Statements
for the year ended 30 June 2011

Mohokare Local Municipality

(Municipal demarcation order: FS/16/3)

Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity	Local municipality
Council	
Mayor/ Speaker	M Shasha
Councillors	M Shasha R Thuhlo A Ietele I Lekhula E Backward T Khasake B Majenge M Sehanku J Mhlohlakulu S Pokane I Riddle
Grading of local authority	2
Accounting Officer (Acting)	T Panyani
Chief Financial Officer (Acting)	S Moorosi
Registered office	Civic Center Hoofd Street Zastron 9950
Business address	Civic Center Hoofd Street Zastron 9950
Postal address	P O Box 20 Zastron 9950
Bankers	ABSA
Auditors	The Auditor - General: Free State

Mohokare Local Municipality

2016/17 Annual Report

Annual Financial Statements for the year ended 30 June 2017

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund

Mohokare Local Municipality

(Edingwa-ka-Tlokoeng-ka-Maseko-ka-Moteng)

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IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
INEPG	Integrated National Electrification Programme Grant
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act 56 of 2003
MIG	Municipal Infrastructure Grant
MSIG	Municipal Systems Improvement Grant

Mohokare Local Municipality

12th Annual Report for 2010/11 (R2011)

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 71, which have been prepared on the going concern basis, were approved by the accounting officer on August 30, 2010 and were signed on its behalf by:



Accounting Officer
Thabo Pauvani

Mohokare Local Municipality

16 June 2014 (revised edition: 14/15)

Annual Financial Statements for the year ended 30 June 2013

Accounting Officer's Responsibilities and Approval

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2013:

Audit committee members and attendance

The audit committee (with this shared audit function) consists of the members listed hereunder, one should meet a minimum of six (6) approved terms of reference. During the current year 2 meetings were held

Name of member	Number of meetings attended
G S Majola	2
K S Rapolungane	2
V W Vup	2
M Segole	2

Audit committee responsibility

We report that we have adopted appropriate financial terms of reference in our charter in line with the requirements of section 166(2)(a) of the MFLMA. We further report that we have conducted our affairs in compliance with this charter.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFLMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggestive enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management letter of the Auditor General South Africa, it was noted that no matters were reported that indicate any material deficiency as in the system of internal control or any other areas therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Evaluation of annual financial statements

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor General and the auditors;
- Reviewed the Auditor General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities' compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit.

We concur with and accept the Auditor General of South Africa's report on the annual financial statements, and one of the opinions that the audited annual financial statements should be accepted and read together with the report of the Auditor General of South Africa.

.....
Chairperson of the Audit Committee

Date:

Mohokare Local Municipality

(Municipal demarcation code: 157163)

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rands

	Note(s)	2011	2010
Restated			
Assets			
Current Assets			
Trade and other receivables from exchange transactions	9	806,742	2,115,171
Other receivables from non-exchange transactions	10	10,215,500	9,975,141
VAT receivable	11	6,528,332	3,602,921
Consumer debtors	12	9,780,253	13,843,842
Cash and cash equivalents	13	396,235	289,781
		27,727,062	29,826,856
Non-Current Assets			
Biological assets	4	585,000	564,900
Investment property	5	29,404,500	880,853
Property, plant and equipment	6	155,975,629	168,779,562
		185,965,129	170,216,315
Non-Current Assets		185,965,129	170,216,315
Current Assets		27,727,062	29,826,856
Total Assets		213,692,191	200,043,171
Liabilities			
Current Liabilities			
Finance lease obligation	15	575,867	575,744
Trade and other payables from exchange transactions	17	21,500,208	16,179,288
Consumer deposits		68,563	141,708
Unspent conditional grants and receipts	16	72,195,902	10,688,892
Other liability- Short term portion		784,349	385,949
Bank overdraft	13	1,879,265	1,262,139
		47,004,154	29,233,720
Non-Current Liabilities			
Other financial liabilities	14	2,274,537	3,196,176
Finance lease obligation	15	1,060,690	1,622,137
		3,335,227	4,818,313
Non-Current Liabilities			
Current Liabilities		3,335,227	4,818,313
Total Liabilities		47,004,154	29,233,720
Assets		213,692,191	200,043,171
Liabilities		(50,339,381)	(34,052,033)
Net Assets		163,352,810	165,991,138
Net Assets			

Mohokare Local Municipality

(Municipal demarcation order: FSG/11/3)
Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rands	Note(s)	
	2011	2010
Accumulated surplus	163,352,810	165,991,138

Mohokare Local Municipality

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Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rands	Notes(s)	2011	2010 - Restated
Revenue from exchange transactions			
Service charges	19	28,275,181	25,302,341
Rental of facilities and equipment	21	656,777	399,594
		<u>28,931,958</u>	<u>25,701,935</u>
Revenue from non-exchange transactions			
Property rates	18	3,213,229	6,068,130
Interest received (trading)		226,793	225,318
Public contributions and donations		20,580	-
Government grants & subsidies	20	68,189,764	40,790,368
		<u>71,650,366</u>	<u>47,083,816</u>
Administration and management fees received			42
Other income	22	1,135,008	3,164,589
Interest received - investment	27	31,336	45,186
Dividends received	27	1,733	5,204
		<u>101,750,443</u>	<u>76,000,730</u>
Expenditure			
Personnel	25	(30,691,492)	(22,144,704)
Remuneration of councillors	26	(2,209,126)	(1,914,471)
Administration			(4,460)
Finance costs	28	(295,532)	(357,294)
Debt impairment	47	(12,421,479)	-
Repairs and maintenance		(1,024,249)	(1,481,896)
Bulk purchases	32	(16,136,859)	(11,891,849)
Grants and subsidies paid		(4,155,906)	(3,632,085)
General Expenses	23	(28,426,292)	(18,646,366)
		<u>(95,360,935)</u>	<u>(60,072,625)</u>
Total Expenditure		101,750,443	76,000,730
Revenue		101,750,443	76,000,730
Expenditure		(95,360,935)	(60,072,625)
Other			
Surplus for the year	24	6,389,508	15,928,105

Mohokare Local Municipality

(Municipal Department name: 15/103)
Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

Figures in Rands	Accumulated	
	surplus	assets
Balance at 01 July 2009	(14,101,113)	(14,101,113)
Changes in net assets		
Centlec	183,367	183,367
Fleet capitalisation	25,701,376	25,701,376
Depreciation reversal (Directive 4)	140,914,926	140,914,926
Equitable share understatement	(3,307,837)	(3,307,837)
Asset not recognised in prior year and related VAT	13,262,568	13,262,568
Assets reconciliation adjustment	(12,648,762)	(12,648,762)
Other prior year adjustment net	53,508	53,508
Net income (losses) recognised directly in net assets	164,164,146	164,164,146
Surplus/(deficit) for the period	15,928,105	15,928,105
Total recognised income and expenses for the period	180,092,251	180,092,251
Total changes	180,092,251	180,092,251
Opening balance as previously reported	(7,653,715)	(7,653,715)
Adjustments		
Prior year adjustment - Depreciation	140,914,926	140,914,926
Other corrections of prior period error - net effect	32,729,927	32,729,927
Balance at 01 July 2010 as restated	165,991,138	165,991,138
Changes in net assets		
Centlec - net equity adjustment	(3,907,834)	(3,907,834)
Increase in fair value Investment property	28,523,647	28,523,647
Overstatement of giant debtor adjustment	(8,021,756)	(8,021,756)
Capitalisation of prior year asset	(13,263,569)	(13,263,569)
MIG liability previously not recognised	(12,373,361)	(12,373,361)
Other adjustments directly in equity	15,037	15,037
Net income (losses) recognised directly in net assets	(9,077,836)	(9,077,836)
Surplus/(deficit) for the period	6,389,508	6,389,508
Total recognised income and expenses for the year	(2,638,328)	(2,638,328)
Total changes	(2,638,328)	(2,638,328)
Balance at 30 June 2011	163,352,810	163,352,810

Mohokare Local Municipality

(Vote and departmental report) (Page 17/163)
Annual Financial Statements for the year ended 30 June 2011

Cash flow statement

Figures in Rands	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Cash receipts from ratepayers, government and others		28,963,601	25,701,935
Grants		53,121,909	38,366,619
Interest income		31,336	45,186
Dividends received		1,733	5,204
Other receipts		686,096	-
		<u>82,804,675</u>	<u>64,118,944</u>
Payments			
Employee costs		(30,695,123)	(22,173,055)
Cash paid to suppliers and employees		(25,991,883)	(41,689,797)
Finance costs		(167,857)	(357,294)
		<u>(56,854,863)</u>	<u>(63,720,146)</u>
Total receipts		82,804,675	64,118,944
Total payments		(56,854,863)	(63,720,146)
Net cash flows from operating activities	33	<u>25,949,812</u>	<u>398,798</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(12,906,442)	(44,628,637)
Proceeds from sale of property, plant and equipment	6	25,701,376	-
Non-cash item 2011: MIG liability adjustment 2010: (PPE finance lease)		(12,373,362)	25,701,375
Non-cash item (Net proceeds received on disposal of PPE)		(25,701,375)	-
Non-cash items adjustments		(837,529)	11,726,881
Net cash flows from investing activities		<u>(26,117,332)</u>	<u>(7,200,381)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(921,639)	3,196,176
Movement in deferred revenue (payables from non-exchange transactions)		398,400	385,949
Finance lease payments		(688,999)	2,197,881
Finance lease receipts - Error in double counting		869,086	-
Net cash flows from financing activities		<u>(343,152)</u>	<u>5,780,006</u>
Net increase/(decrease) in cash and cash equivalents		<u>(510,672)</u>	<u>(1,021,577)</u>
Cash and cash equivalents at the beginning of the year		(972,358)	49,219
Cash and cash equivalents at the end of the year	13	<u>(1,483,030)</u>	<u>(972,358)</u>

Mohokare Local Municipality

(Municipal Identification code: 1571003)
Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Reporting municipality

Mohokare Local Municipality ("the municipality") is a local government institution in Zastron, Smithfield and Kouxville, towns in the Xhariep district, Free State Province. Its principal activities and the address of its principal place of business are disclosed under "General Information" in the annual report.

2. Presentation of annual financial statements

2.1 Statement of compliance

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

These annual financial statements have been compiled in accordance with the Municipal Finance Management Act 56 of 2003.

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

The following significant accounting policies had been applied consistently during the current and previous reporting period except to the extent that a transitional provision, as set out in note 2.6 has been applied.

2.2 Going concern assumption

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

2.3 Functional and presentation currency

These annual financial statements are presented in South African Rand, which is the municipality's functional currency. All financial information has been rounded to the nearest Rand.

2.4 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to set off amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

2.5 Use of estimates and judgements

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

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(Municipal demarcation code: 527165)
Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.5 Use of estimates and judgements (continued)

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements as well as assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in note 2.23.

2.6 Property, plant and equipment

The policy set out below has been applied only to the extent that the requirement is not covered by the relevant transitional provision explained in this note below.

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.

Initial recognition and measurement

Property, plant and equipment are measured at cost. (This cost is the provisional value of the property, plant and equipment until the municipality complies no longer applies Directive 4.

Land and buildings are measured at revalued amounts, being the fair value at the date of revaluation less any accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property carried at fair value using the fair value model, the property is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is treated in the same way as a revaluation in terms of GRAP 17 as follows:

- any resulting decrease in the carrying amount of the property is recognised in surplus or deficit. However, to the extent that an amount is included in a revaluation surplus for that property, the decrease is charged against that revaluation surplus.

Mohokare Local Municipality

Municipal Administration code: 151053
Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.6 Property, plant and equipment (continued)

- any resulting increase in the carrying amount is treated as follows:
- to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in surplus or deficit. The amount recognised in surplus or deficit does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised.
- any remaining part of the increase is credited directly to the revaluation surplus in net assets. On subsequent disposal of the investment property, the revaluation surplus included in net assets may be transferred to accumulated surpluses or deficits. The transfer from revaluation surplus to accumulated surpluses or deficits is not made through surplus or deficit.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The revaluation surplus relating to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognised.

Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits or service potential associated with the item will flow to the municipality and the cost or fair value of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

Rehabilitation costs capitalised to the cost of landfill sites are written off on a straight-line basis over the estimated useful lives of the sites.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the municipality will obtain ownership by the end of the lease term.

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

The useful lives for the current and previous financial year are as follows:

Item	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	5 years
Furniture and fixtures	7 years
Motor vehicles	5 years

Mohokare Local Municipality

(Municipal Department code: 157193)
Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.6 Property, plant and equipment (continued)

Office equipment	3 years
IT equipment	3 years
Computer software	3 years
Infrastructure	
• Electricity	20 years
• Roads and paving	15 years
• Water	20 years
• Sewerage	20 years
• Stormwater drains	20 years
Other assets	
• Computer equipment	3 years
• Furniture and fittings	6 years
• Other assets	10 years
Communication equipment	5 years
Investment property	30 years
Leased Assets	
• Office equipment	Lease term
Tools and hoose gear	5 years

Spare parts

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.

Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential is expected from its continued use or disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other revenue in surplus or deficit.

Leased assets

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases. Upon initial recognition of assets leased under finance leases, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of

Mohokare Local Municipality

(Municipal Identification code: 55163)

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.6 Property, plant and equipment (continued)

property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Transitional provision

The municipality changed its accounting policy for property, plant and equipment in 2008. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in note 6. The transitional provision expires on 30 June 2011.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality has accordingly recognised property, plant and equipment at provisional amounts, as disclosed in note 6.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

2.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of business.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Mohokare Local Municipality

(Municipal Accounting Code: 45/1164)
Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.7 Investment property (continued)

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Property interests held by the municipality (lessee) under an operating lease are accounted for as investment property only if the property meets the definition of an investment property and the lessee uses the fair value model as required by paragraph 6 of GRAP 16.

The initial cost of a property interest held under a lease classified as an investment property, shall be recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

The fair value of investment properties is determined at the reporting date by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The valuations are based on the value of similar properties in the market.

Fair value

Investment property is subsequently measured at fair value with any change therein recognised in surplus or deficit.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property are calculated as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit in the period of retirement or disposal.

2.8 Biological assets

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market determined pre-tax rate where applicable is used to determine fair value.

2.9 Financial instruments

Classification

Mohokare Local Municipality

(Municipal re-orientation code: F/2/16/8)

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.9 Financial instruments (continued)

The municipality classifies financial instruments, or their component parts, on initial recognition as financial assets, a financial liabilities or equity instruments in accordance with the substance of the contractual arrangement.

- Financial assets at fair value through surplus or deficit - held for trading
- Financial assets at fair value through surplus or deficit - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through surplus or deficit - held for trading
- Financial liabilities at fair value through surplus or deficit - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

- Financial assets classified as at fair value through surplus or deficit which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:
- in rare circumstances
 - if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through surplus or deficit category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Non-derivative financial assets

The municipality initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

The municipality derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the municipality is recognised as a separate asset or liability.

The municipality has the following classes and categories of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

Class of financial asset	IAS 39 category
Investments in fixed deposits (banking institutions, etc)	Held-to-maturity

Mohokare Local Municipality

(Municipal demarcation code: F57103)

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

2.9 Financial instruments (continued)

Trade and other receivables (from exchange transactions (consumer debtors))	Loans and receivables
Short-term investment deposits	Held-to-maturity
Cash and cash equivalents	Loans and receivables
Unlisted shares (in 'Other financial assets')	Fair value through profit or loss

Financial assets at fair value through profit or loss

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

- They are classified as held for trading; or
- Upon initial recognition they are designated as at fair value through profit or loss.

Financial assets are designated as at fair value through profit or loss if the municipality manages such investments and makes purchase and sale decisions based on their fair value in accordance with the municipality's documented risk management or investment strategy.

Financial assets at fair value through profit or loss are measured initially and subsequently at fair value and gains and losses arising from changes in fair value are recognised in surplus or deficit for the period. Transaction costs are recognised in surplus or deficit.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less an allowance for impairment losses.

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments 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. Bank overdrafts that are repayable on demand and form an integral part of the municipality's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity. Held-to-maturity investments are initially recognised at fair value plus direct transaction costs. At subsequent reporting dates, held to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held to-maturity investments as available-for sale,

Mohokare Local Municipality

Financial statements for the year ended 30 June 2017

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Accounting Policies

2.9 Financial instruments (continued)
and prevent the municipality from classifying investment securities as held to maturity for the current and the following two financial years.

Non-derivative financial liabilities

The municipality initially recognises financial liabilities, including liabilities designated at fair value through surplus or deficit, on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

The municipality derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Where 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

The municipality has the following classes of financial liabilities: as reflected on the face of the statement of financial position or in the notes thereto:

- Loans and borrowings
- Trade and other payables from exchange transactions
- Bank overdraft
- Current portion of loans and borrowings
- Consumer deposits

The above financial liabilities form part of the "other financial liabilities carried at amortised cost" category per IAS 39 and are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Financial guarantee contracts

Financial guarantees are contracts that require the municipality to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of the amortised amount and the present value of any expected payment when a payment under the guarantee becomes probable. Financial guarantees are included in other liabilities.

The municipality does not account for financial guarantee contracts under IFRS 4 *Insurance Contracts*.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid

Mohokare Local Municipality

Water Capital Development: 1996 - 1997/16-17

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.9 Financial instruments (continued)

investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

2.10 Inventories

Cost

The cost of inventories comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventory to its present location and condition. Where inventories are acquired at no cost, or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Cost is generally determined using the first-in-first out principle except where stated otherwise.

Subsequent measurement

Consumable stores, raw materials, work-in-progress and finished goods are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Unsold properties are measured at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down to net realisable value and sold by public auction.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water inventory

Water inventory represents water housed in dams within the municipal area and is measured at the lower of cost, which is deemed to be fair value, and net realisable value. In the absence of a market that trades in water outside of local government, the fair value utilised to quantify water inventory is based on the unit reference value. The unit reference value is a determined by a formula that is utilised in the engineering department to calculate the development cost of new water resources.

Mohokare Local Municipality

(Municipal Department of Code: F5/LU/M)

Annual Financial Statements for the year ended 30 June 2023:

Accounting Policies

2.10 Inventories (continued)

The water levels in the dams are based on cubic meter capacity taking into account the capacity of the dam, based on land surveying reports and the curve of the dam.

Readings of water levels are taken at year-end, which is quantified at the above fair value.

Water and purified effluent are measured at the lowest of purified cost and net realisable value insofar as it is stored and controlled in reservoirs at year end.

The municipality applies Directive 4 for the measurement of water inventory.

2.11 Impairment

Financial assets

A financial asset, not carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the municipality on terms that the municipality would not consider otherwise and indications that a debtor or issuer will enter bankruptcy.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment.

The municipality considers evidence of impairment at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. A report on the various categories of customers is drafted to substantiate the impairment evaluation. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the municipality uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in surplus or deficit and reflected in an allowance account against receivables. If impaired financial assets are written off, the write off is made against the allowance account. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit, subject to the restriction that the carrying amount of the financial instrument shall not exceed what the amortised cost would have been had the impairment not been recognised.

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(Municipal report on code 197163)
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Accounting Policies

2.11 Impairment (continued)

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that has been recognised in net assets, and presented in the fair value reserve, to surplus or deficit. The cumulative loss that is removed from the fair value reserve and recognised in surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in surplus or deficit. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in surplus or deficit, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in net assets.

Impairment losses are not subsequently reversed for equity instruments which are carried at cost because fair value was not determinable

Non financial assets

Cash generating assets

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

The carrying amounts of the municipality's cash generating non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated annually.

If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs. For the purpose of impairment testing, assets are therefore grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in surplus or deficit.

Impairment losses recognised in respect of cash-generating units are allocated on a pro-rata basis to reduce the carrying amounts of the other assets in the unit. The allocation of impairment losses to assets in a cash generating unit may not reduce the carrying amount of such assets below the highest of its fair value less costs to sell, value in use and zero.

Mohokare Local Municipality

Municipal Performance Report: 2017/18
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Accounting Policies

2.11 Impairment (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of its recoverable amount, the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

Non-cash-generating assets

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

The carrying amounts of the municipality's non-cash-generating assets are reviewed at each reporting date to determine whether there is any indication of impairment. A non-cash-generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. The recoverable service amount is the greater of an asset's fair value less costs to sell and its value in use.

The value in use of a non-cash-generating asset is the present value of the non-cash-generating asset's remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach - The present value of the remaining service potential of a non-cash-generating 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable service amount. Impairment losses are recognised in surplus or deficit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable service amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Mohokare Local Municipality

Municipal Democratic Profile (M7163)
Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

2.12 Revenue

Revenue from exchange transactions includes revenue from trading activities and other services provided while revenue from non exchange transactions includes rates levied, fines, donations and grants from other spheres of government.

Revenue from exchange transactions

Revenue is generally recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits or service potential can be measured reliably, except when specifically stated otherwise. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable, net of value added tax, estimated returns, rebates and discounts.

Services

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

Service revenue is recognised by reference to the stage of completion of transaction at reporting date.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service charges

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

Mohokare Local Municipality

(Balance sheet derived on code: F5/16/21)
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Accounting Policies

Revenue from exchange transactions (continued)
the invoicing period. Estimates of consumption between meter readings are based on the average consumption of the past 3 months before the month being assessed.

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

Service charges from sewerage and sanitation services are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council. Revenue is recognised on a monthly basis.

Interest, royalties and dividends

Interest earned and rentals received

Interest income is recognised in surplus or deficit as it accrues, using the effective interest method. Interest earned on unutilised conditional grants is recognised as an unspent conditional grants liability if the grant conditions indicate that interest is payable to the grantor.

Dividends

Dividends are recognised on the date that the municipality's right to receive the dividend has been established.

Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Other

Tariff charges

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

Agency commission

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

Housing rental and instalments

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised as it accrues in surplus or deficit using the effective interest method.

Mohokare Local Municipality

(A municipal corporation under the Local Government Act 1998)

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of revenue can be measured reliably.

Sale of goods can include among others sale of land, sale of gravel, tender documents etc.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, the amount of the revenue can be measured reliably and, if applicable, there has been compliance with the relevant legal requirements or restrictions.

Rates and taxes

Revenue from rates, including collection charges and penalty interest, is recognised on a monthly basis when the taxes are levied as this is regarded to be the date when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and there has been compliance with the relevant legal requirements.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

Fines consist of spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

An estimate is made for revenue from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

Receipt of community services in exchange for a fine is not recognised as revenue.

Donations and contributions

Revenue from donations is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and any restrictions associated with the donation have been met.

Mohokare Local Municipality

Financial statement copies: 2021/22
Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Revenue from non-exchange transactions (continued)

Revenue from donations is measured at the fair value of the consideration received or receivable which is the cash amount received or where the donation is in the form of property, plant and equipment, the fair value of the property, plant and equipment received or receivable.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

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.

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the recognition criteria had been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability

Mohokare Local Municipality

(Municipal report number code: F 521/03)

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

Revenue from non-exchange transactions (continued)
recognised and recognises an amount of revenue equal to that reduction

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the 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 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 is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied or, if the tax is levied on a periodic basis, the period for which the tax is levied.

Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability.

Revenue arising from debt forgiveness is measured at the fair value of the debt forgiven. Where debt is carried at a value other than fair value, the receivable is recognised at the carrying amount.

Fines

Mohokare Local Municipality

(Financial performance report: 15/7/2011)

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Accounting Policies

Revenue from non-exchange transactions (continued)

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in its capacity of an agent, the fine is not recognised as revenue.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

2.13 Provisions

A provision is recognised if, as a result of a past event, the municipality has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

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

Site restoration

In accordance with applicable legal requirements, a provision for site restoration in respect of landfill sites is recognised when the land is contaminated. The related expense is capitalised against the cost of the landfill sites.

Mohokare Local Municipality

(Municipal financial statement) (SARS)
Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

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

Other long-term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and the fair value of any related assets is deducted to determine the net obligation.

Termination benefits

Termination benefits are recognised as an expense when the municipality is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the municipality has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

2.15 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - municipality as lessee

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

Mohokare Local Municipality

Financial statement code: 15/2021

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.15 Leases (continued)

Corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependant on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

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

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

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

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets leased under operating leases, except for property interests held by the municipality as investment property, are not recognised in the statement of financial position.

Operating leases - municipality as lessee

Operating lease payments are recognised in surplus or deficit on a straight-line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Finance leases - municipality as lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Operating leases - municipality as lessor

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

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

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

Finance sale and leaseback

Mohokare Local Municipality

Revenue and Expenditure Statement FY16/17
Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

2.15 Leases (continued)

Where the sale and leaseback results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is not recognised immediately as revenue in the annual financial statements of the seller – lessee. The excess amount is deferred and amortised over the lease term.

Operating sale and leaseback

Where the sale and leaseback results in an operating lease and the transactions is accounted for as follows:

- If the transaction is concluded at fair value, any gain or loss is recognised immediately.
- If the sale price is below fair value, any gain or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used.
- If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

2.16 Borrowing costs

Borrowing costs are capitalised in respect of qualifying assets that necessarily take a substantial period to get ready for their intended use.

If the carrying amount of the qualifying asset exceeds its recoverable amount or recoverable service amount, an impairment loss is recognised for the excess amount. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

Borrowing costs that are not capitalised are recognised as an expense in surplus or deficit.

2.17 Donations and grants in aid

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

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

These transfers are recognised as expenses in surplus or deficit in the period that the events giving rise to the transfer occur

2.18 Tax

Mohokare Local Municipality

(Municipal Council reference code: 57163)

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.18 Tax (continued)

Value added tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scraped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

2.19 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003) as defined in chapter of the said Act. Unauthorised expenditure is accounted for as an expense and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Refer to note 41

2.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000) and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policies as defined in chapter 1 of the Municipal Finance Management Act (Act 56 of 2003). Irregular expenditure excludes unauthorised expenditure. Irregular 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. If the expenditure is not condoned by the relevant authority, it is treated as a receivable until it is recovered or written off as irrecoverable. Refer to note 43.

2.21 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised as defined in chapter 1 of the Municipal Finance Management Act (Act 56 of 2003). Fruitless and wasteful expenditure is accounted for as a receivable in the statement of financial position until such expenditure is recovered or written off as irrecoverable. Refer to note 42.

2.22 Comparative figures

When the presentation or classification of items in the annual financial statements are amended, comparative amounts are reclassified. The nature and amounts of reclassifications as well as the reasons are disclosed in note 38.

Where accounting errors have been identified and/or, there has been a change in accounting policy in the current year, corrections and adjustments are made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The nature and amounts of restatements as well as the reasons are disclosed in note 37

Mohokare Local Municipality

Municipal financial code: 157263
Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

2.23 Accounting estimates and judgements

General

The municipality's accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Impairment of trade and other receivables

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

Provisions

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

Fair value estimation

The fair value information presented by the municipality in note 7 requires the application of valuation techniques and assumptions based on market conditions existing at the end of the reporting period. The actual fair values may differ from those estimated.

Classification as investment property

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

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

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

Critical judgements in applying accounting policies

Identification of impairment indicators

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of

Mohokare Local Municipality

(Municipal designation code: 557103)
Annual Financial Statements for the year ending 30 June 2011

Accounting Policies

2.23 Accounting estimates and judgements (continued)

services and other circumstances that could indicate that impairment exists. The municipality applies the impairment assessment to its assets or separate cash-generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash-generating units, remaining useful lives of assets, projected cash flows and net realisable values.

Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

2.24 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Dividend income is recognised in surplus or deficit on the date that the municipality's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. Borrowing costs are recognised in surplus or deficit using the effective interest method.

1.1 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

The Statement of comparative and actual information have been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note Appendices E1 and E2.

Mohokare Local Municipality

(Financial Consolidation note 1.5.1.6.3)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

2011

2010

3. New standards and interpretations

3.1 Standards issued and not yet effective

The following standards expected to be applicable to the municipality have been issued, but are not yet effective:

The GRAP standards below will be applied by the municipality from the effective date determined by the Minister of Finance. The effective dates are currently unknown. International Financial Reporting Standards will be applied from the effective date of the Standard as indicated below.

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 24: Presentation of Budget Information

The municipality is required to present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP.

The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where the municipality prepares its budget and annual financial statements on a comparable basis, it is required to include the comparison as an additional column in the primary annual financial statements.

Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted

Mohokare Local Municipality

Municipal Department: Econ. ES/1641

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued) to be comparable to the budget.

The impact of the standard is not material.

IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

The effective date of the interpretation is for years beginning on or after 01 April 2010.

The municipality has adopted the interpretation for the first time in the 2011 annual financial statements.

The impact of the interpretation is set out in note Changes in Accounting Policy.

IAS 39: Financial Instruments: Recognition and Measurement - Amendment - Treating loan prepayment facilities as closely related embedded derivatives

The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated. If an exercise price of an embedded prepayment option reimburses the lender for an amount not exceeding the approximate present value of the lost interest for the remaining term of the host contract, then the economic characteristics and risks of the prepayment option embedded in a host debt or host insurance contract are closely related to the host contract and the embedded derivative is not separated from the host contract.

The amendments are to be applied prospectively to all unexpired contracts for annual periods beginning on or after 1 January 2010.

The amendments will be adopted by the municipality for the first time for its financial reporting period ending 30 June 2011.

The impact of the is set out in note Changes in Accounting Policy.

IFRS 7: Financial Instruments: Disclosures - Amendments to disclosures

IFRS 7 is amended to add an explicit statement that the qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments.

The existing disclosure requirements of IFRS 7 are amended as follows:

- IFRS 7 is amended to state that clarification that disclosure of the amount that best represents an

Mohokare Local Municipality

(Municipal financial statements for the year ended 30 June 2011)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

entity's maximum exposure to credit risk is required only if the carrying amount of a financial asset does not reflect such exposure already.

- Additional requirement to disclose the financial effect of collateral held as security and other credit enhancements in respect of a financial instrument. An example of such disclosure is quantification of the extent to which credit risk is mitigated by the collateral and other credit enhancements obtained. This disclosure is in addition to the existing requirement to describe the existence and nature of such collateral.

- IFRS 7 is amended to state that clarification that disclosure in respect of collateral taken possession off by the entity is required only in respect of such collateral held at the end of the reporting period.

The following requirements have been removed from IFRS 7:

- Disclosure of the carrying amount of financial assets that would have been past due or impaired if their terms had not been renegotiated
- Disclosure of a the description and fair value of collateral held as security and other credit enhancements in respect of financial assets that are past due but not impaired and in respect of financial assets that are individually determined to be impaired.

Additionally, the clause stating that quantitative disclosures are not required when a risk is not material has been removed from IFRS 7. The general materiality considerations continue to apply to all disclosures required by IFRS 7 in the same way as they apply to other IFRSs.

The amended is effective for annual periods beginning on or after 1 January 2011.

The amendments will be adopted by the municipality for the first time for its financial reporting period ending 30 June 2012.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

Mohokare Local Municipality

(Balance sheet presentation from 1/5/2022)
Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rands

2011 2010

4. Biological assets

Biological assets where fair value cannot be measured reliably

	2011		2010			
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Biological assets - Cattle	585,000	-	585,000	564,900	-	564,900

Reconciliation of biological assets - 2011

Biological assets - Cattle	Opening balance	Net movement	Total
	564,900	20,100	585,000

Reconciliation of biological assets - 2010

Biological assets - Cattle	Opening balance	Total
	564,900	564,900

Non - Financial information

Quantities of each biological asset

Biological assets - Cattle

117 117

Council keeps the biological assets for purposes of slaughtering during important functions for the Mphokare local municipality communities. The change in the number of cattle is due to the slaughtering, sale or losses as a result of theft.

Assets carried at cost less accumulated depreciation and impairment losses

The cattle are carried at an estimated fair values.

Fair values are usually determined at public auctions where the cattle are sold. For purposes of record keeping, the cattle are currently carried at the value at which they could be sold currently in arms length transaction.

The estimated fair value of cattle is R 5,000,00.

Mohokare Local Municipality

Municipal Administration: 1999-15/16-31

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

2011 2010

5. Investment property

Investment property	2011		2010			
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	29,404,500	-	29,404,500	880,853		880,853

Reconciliation of investment property - 2011

Investment property	Opening balance	Fair value adjustments	Total
Investment property	880,853	28,523,647	29,404,500

Reconciliation of investment property - 2010

Investment property	Opening balance	Total
Investment property	880,853	880,853

Pledged as security

No investment property was pledged as security for loans at year end.

The fair value of the investment property is determined with reference to the latest available valuation roll of the municipality as compiled by an independent valuer. The significant increase related to the increase in value of the property.

Investment property in the previous year was incorrectly disclosed as property, plant and equipment.

This is prior period error (Refer note 3.7). The investment property was also correctly valued for the first time in the current year and as result a fair value gain was also recognised in the statement of changes in net assets. A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Mohokare Local Municipality

(Municipal department code 157164)
Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

2011 2010

6. Property, plant and equipment

	2011		2010			
	Cost / Valuation	Accumulated depreciation and impairment losses	Carrying value	Cost / Valuation	Accumulated depreciation and impairment losses	Carrying value
Buildings	1,490,059	-	1,490,059	1,490,059	-	1,490,059
Furniture and fixtures	1,002,706	-	1,002,706	1,002,706	-	1,002,706
Motor vehicles	3,691,187	-	3,691,187	28,710,869	-	28,710,869
Office equipment	2,101,559	-	2,101,559	2,101,559	-	2,101,559
Infrastructure	23,271,283	-	23,271,283	23,271,282	-	23,271,282
Community	2,690,390	-	2,690,390	2,690,390	-	2,690,390
Other property, plant and equipment	24,518	-	24,518	24,518	-	24,518
Other equipment	19,790,250	-	19,790,250	19,787,830	-	19,787,830
Bins and containers	1,232	-	1,232	1,232	-	1,232
Capital work in progress	12,222,328	-	12,222,328	-	-	-
Wastewater network	39,453,035	-	39,453,035	39,453,035	-	39,453,035
Water network	50,228,937	-	50,228,937	50,228,937	-	50,228,937
Heritage	8,145	-	8,145	8,145	-	8,145
Total	155,975,629	-	155,975,629	168,770,562	-	168,770,562

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Total
Buildings	1,490,059	-	-	1,490,059
Furniture and fixtures	1,002,706	-	-	1,002,706
Motor vehicles	28,710,869	681,694 (25,701,376)	-	3,691,187
Office equipment	2,101,559	-	-	2,101,559
Infrastructure	23,271,283	-	-	23,271,283
Community	2,690,390	-	-	2,690,390
Other property, plant and equipment	74,518	-	-	24,518
Other equipment	19,787,830	2,420	-	19,790,250
Bins and containers	1,232	-	-	1,232
Capital work in progress	-	12,222,328	-	12,222,328
Wastewater network	39,453,035	-	-	39,453,035
Water network	50,228,937	-	-	50,228,937
Heritage	8,145	-	-	8,145
	168,770,563	12,906,442 (25,701,376)	-	155,975,629

Mohokare Local Municipality

(Municipal financial year ended 30/06/2010)

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

2011

2010

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Prior period error	Total
Buildings	3,129,289		(1,639,230)	1,490,059
Furniture and fixtures	38,033		964,673	1,002,706
Motor vehicles	2,149,929	26,859,945	(299,005)	28,710,869
Office equipment	830,442	-	1,270,817	2,101,559
Infrastructure	605,757	17,553,162	5,112,363	23,271,282
Community	2,036,785	-	654,106	2,690,391
Other property, plant and equipment	750,423	205,819	(431,724)	24,518
Other equipment	68,143,748		(48,355,918)	19,787,830
Bins and containers	325,080		(323,848)	1,232
Wastewater network	1,119,328	-	38,333,707	39,453,035
Water network	47,993,392	9,711	2,225,834	50,228,937
Heritage	10,168,678	-	(10,160,533)	8,145
	136,790,684	44,628,637	(12,648,758)	168,770,563

Transitional provisions

Property, plant and equipment recognised at provisional amounts

Directive 4

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note , certain property, plant and equipment with a carrying value of R 155,975,629 (2010: R 168,770,562) was recognised at provisional amounts.

The municipality has changed the presentation of property, plant and equipment from the previous year in order to comply with GRAP 17. This is not a change in policy as the municipality had already adopted GRAP 17 but is corrected as a prior period error. In addition, the municipality has reclassified all land held from property, plant and equipment to investment property in accordance with GRAP 16.

The municipality is still using the transitional provisions in Directive 4 to value the property, plant and equipment. Therefore, the property, plant and equipment is stated at cost and not depreciated.

The municipality is in the process of appointing a service provider to develop a register containing the information required by section 63 of the Municipal Finance Management Act which will be made available for inspection at the registered office of the municipality.

Mohokare Local Municipality

(Municipal department code: 26/102)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

2011 2010

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2011		
	Trade and other receivables	
	Cash and cash equivalents	
	Consumer debtors	
	2010	
	Trade and other receivables	
	Cash and cash equivalents	
	Consumer debtors	
	2010	
	Loans and receivables	Total
	12,090,312	12,090,312
	289,781	289,781
	13,843,842	13,843,842
	26,223,935	26,223,935

8. Inventories

In the prior year inventories were overstated by an amount of R 564,960 which should have been disclosed as Biological Assets. This error has been corrected in the current year (Refer note 38).

In the current year inventory consists of water which has been treated and is the municipalities reservoirs at year end. This inventory is measured at a provisional value of zero based on Directive 4.

The municipality does not hold stock of consumables and these are subsequently expensed when purchased. However, the municipality has been storing pipes, valves and other small water infrastructure related consumables (purchased during 2007 financial year) the value of which is not certain. These have been recognised at a provisional value of zero until correctly valued. A list of these items is available at the municipality's administration office.

Mohokare Local Municipality

(Municipal Identification Code: 57162)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

2011 2010

9. Trade and other receivables from exchange transactions

Sundry debtors

806,742 2,115,171

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The municipality does not hold any collateral as security.

10. Other receivables from non-exchange transactions

Government grants and subsidies

10,215,500 9,975,141

11. VAT receivable

VAT receivable

6,528,337 3,602,921

VAT is payable on the receipts basis. VAT is paid over to the South African Revenue Services (SARS) only once payment is received from debtors.

The SARS is currently finalising the VAT audit for the municipality and therefore no VAT receipts or payments made during the current financial year.

12. Consumer debtors

Gross balances

Rates

8,715,498 10,378,842

Electricity

591,781 475,706

Water

17,817,638 22,357,542

Sewerage

17,737,357 20,506,932

Refuse

6,526,921 4,875,946

Housing rental

561,446 345,722

Other (specify)

1,459 4,225

51,947,100 59,504,915

Less: Provision for debt impairment

Electricity

(577,206) (466,707)

Water

(17,373,928) (21,233,799)

Sewerage

(17,300,501) (19,105,908)

Refuse

(6,366,169) (4,529,571)

Housing rental

(547,618) (321,163)

Other (specify)

(1,423) (3,924)

(42,166,845) (45,661,072)

Net balance

Rates

8,115,498 10,378,842

Electricity

14,575 8,999

Mohokare Local Municipality

(Municipal department code: E57253)
Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

	2011	2010
12. Consumer debtors (continued)		
Water		
Sewerage	438,709	1,623,743
Refuse	436,855	1,461,024
Housing rental	160,752	346,375
Other (specify)	13,828	24,559
	30	300
	9,780,253	13,843,842
Rates		
Current (0 - 30 days)	24,348	52,870
31 - 60 days	24,075	149,134
61 - 90 days	28,522	177,108
91 - 120 days	85,472	-
121 - 365 days	8,758,329	10,049,730
	8,715,498	10,378,842
Electricity		
61 - 90 days	-	100
121+ days	-	46,707
> 365 days	14,575	208,319
	14,575	255,126
Water		
Current (0 - 30 days)	438,710	495,653
31 - 60 days	-	176,909
61 - 90 days	-	675,975
	438,710	1,648,537
Sewerage		
Current (0 - 30 days)	294,388	290,007
31 - 60 days	142,468	247,376
61 - 90 days	-	223,360
91 - 120 days	-	429,364
	436,856	1,190,102
Refuse		
Current (0 - 30 days)	160,752	172,757
31 - 60 days	-	173,618
	160,752	346,375
Housing rental		
Current (0 - 30 days)	13,827	24,559

Mohokare Local Municipality

(Municipal registration code: 187103)

Annual Financial Statements for the year ending 30 June 2011

Notes to the Annual Financial Statements

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12. Consumer debtors (continued)		
Other (specify)		
Current (0 - 30 days)	36	301

Summary of debtors by customer classification

Consumers/Households		
Current (0 - 30 days)	1,034,351	-
31 - 60 days	1,331,186	-
61 - 90 days	1,010,070	-
91 - 120 days	1,027,512	-
121 - 365 days	7,170,000	-
> 365 days	37,475,783	-
	49,048,852	-

Industrial/ commercial		
Current (0 - 30 days)	30,374	-
31 - 60 days	31,012	-
61 - 90 days	27,961	-
91 - 120 days	95,644	-
121 - 365 days	683,660	-
> 365 days	1,405,650	-
	2,274,301	-

National and provincial government		
Current (0 - 30 days)	8,143	-
31 - 60 days	10,470	-
61 - 90 days	9,670	-
91 - 120 days	3,391	-
121 - 365 days	44,098	-
> 365 days	548,175	-
	623,947	-

Reconciliation of debt impairment provision

Balance at beginning of the year	(45,661,073)	(45,036,278)
Contributions to provision	(12,421,479)	(24,795)
Debt impairment written off against provision	8,146,803	-
Possible write-off awaiting council approval	7,768,902	-

Mohokare Local Municipality

(Inclusion designation code: 152763)

Annual Financial Statements for the year ended 30 June 2011

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12. Consumer debtors (continued)

(42,166,847) (45,661,073)

The impairment provision of the previous year was not performed as required and it is impractical to retrospectively adjust the impairment provision figures. The amounts disclosed in the above note for the previous year are therefore not verified.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,180	1,180
Short term deposits	299,229	268,299
Other cash and cash equivalents	95,826	20,302
Bank overdraft	(1,879,265)	(1,262,139)
	(1,483,030)	(972,358)

Current assets	396,235	789,781
Current liabilities	(1,879,265)	(1,762,139)
	(1,483,030)	(972,358)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Cash and cash equivalents pledged as security

Total financial assets pledged as security (ABSA Bank account - 1014355924)	20,000	20,000
--------------------------------------------------------------------------------	--------	--------

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances			
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
ABSA Bank - Savings account - 4052654487	193,464	358,584	578,025	(2,091,740)	(1,494,654)	(1,485,500)
Standard Bank - Savings account - 041952766	107,085	69,518	585,463	107,085	70,926	585,463
ABSA Bank - Savings account 2810000018	18,052	69,518	516,628	18,052	91,780	516,628
First National Bank - Savings account - 53593549308	87,327	69,809	431,448	87,328	69,809	431,448

Mohokare Local Municipality

(Balance sheet presentation date: 30/06/2011)

Annual Financial Statements for the year ended 30 June 2011

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15. Finance lease obligation

Minimum lease payments due		
- within one year	575,867	575,744
- in second to fifth year inclusive	1,060,690	1,522,137
less: future finance charges	1,636,557	2,197,881
	(200,040)	(325,838)
Present value of minimum lease payments	1,436,517	1,872,043
Present value of minimum lease payments due		
- within one year	467,380	448,069
- in second to fifth year inclusive	969,137	1,423,974
	1,436,517	1,872,043
Non-current liabilities	1,060,690	1,622,137
Current liabilities	575,867	575,744
	1,636,557	2,197,881

It is municipality's policy to lease certain office equipment under finance leases.

The average lease term is 3 - 5 years and the average effective borrowing rate was 10% (2010: 11%).

Interest rates are fixed at the contract date. Two of the three lease contracts escalate at 15% p.a and no arrangements have been entered into for contingent rent. The other lease contract has no escalation.

Mohokare Local Municipality

(Municipal government of zone 1/5/16/31)

Annual Financial Statements for the year ended 30 June 2011

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16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Draught relief	1,352,069	1,352,069
Spatial Development	2,220,000	2,220,000
Prov Grant	176,085	176,085
Prov Grant - Rouxville water	92,818	92,818
Prov Grant - Salary Managers	2,208,424	2,208,424
Prov Grant - Sal Temp Worker	527,275	577,275
PHP Housing	1,846,795	1,846,795
MSIG	31,183	31,813
MIG	12,487,503	1,323,698
DWAF	343,835	-
Prov Grant - Elec	909,915	909,915
	22,195,902	10,688,892

Movement during the year

Balance at the beginning of the year	8,583,408	13,397,280
Received during the year	49,617,609	26,435,201
Income recognition during the year	(25,168,130)	(31,249,073)
	22,195,902	10,688,892

See note 20 for the reconciliation of other grants from National/Provincial Government

17. Trade and other payables from exchange transactions

Trade payables	12,133,518	6,405,923
Payments received in advance (Consumer accounts in credit)	205,248	-
Accrued leave pay	3,023,637	1,495,528
Accrued bonus	689,433	569,243
Unreconciled VAT account (R 5m), Salary control account (R 500k)	5,448,372	7,708,594
	21,500,208	16,179,288

The balance of R 5,1 million represents two or more prior year's balance on the municipal accounting records. None of the VAT notes have been adjusted due to the SARS audit to be completed.

Mohokare Local Municipality

Municipal Demarcation Year: 15/10/10

Annual Financial Statements for the year ended 30 June 2011

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Figures in Rands:	2011	2010
18. Property rates		
Rates received		
Residential	2,673,458	4,276,209
Commercial	394,657	(668,177)
State	281,964	1,791,971
Small holdings and farms	2,712,828	668,177
Less: Income forgone	(2,849,678)	-
	3,213,229	6,068,130
19. Service charges		
Sale of electricity	12,040,738	12,001,430
Sale of water	6,719,753	5,465,360
Sewerage and sanitation charges	5,727,712	4,708,594
Refuse removal	3,786,978	3,126,957
	28,275,181	25,302,341

Mohokare Local Municipality

Reference: Memorandum no. 15/16/11

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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20. Government grants and subsidies

Equitable share	43,055,676	40,790,368
GOGTA Grant	10,020,210	-
MIG	13,113,878	-
FMG	1,250,000	-
MSIG	750,000	-
	68,189,764	40,790,368

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy which is credited to their accounts.

Draught Relief

Balance unspent at beginning of year

1,352,069 1,352,069

This grant emanates from prior financial years and the municipality is in the process of confirming the existence of a liability to the funders of the grant. Currently no evidence supports the possibility of repayment of the grant, hence no movement in the balance over the past three financial years.

Spatial Development

Balance unspent at beginning of year

2,220,000 2,220,000

This grant emanates from prior financial years and the municipality is in the process of confirming the existence of a liability to the funders of the grant. Currently no evidence supports the possibility of repayment of the grant, hence no movement in the balance over the past three financial years.

Provincial Grant

Balance unspent at beginning of year

176,085 176,085

This grant emanates from prior financial years and the municipality is in the process of confirming the existence of a liability to the funders of the grant. Currently no evidence supports the possibility of repayment of the grant, hence no movement in the balance over the past three financial years.

Prov Grant – Rouxville water

Balance unspent at beginning of year

92,818 92,818

This grant emanates from prior financial years and the municipality is in the process of confirming the existence of a liability to the funders of the grant. Currently no evidence supports the possibility of repayment of the grant, hence no movement in the balance over the past three financial years.

Mohokare Local Municipality

(Municipal department code: 57163)
Annual Financial Statements for the year ended 30 June 2011

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20. Government grants and subsidies (continued)

Prov Grant - Salary Managers

Balance unspent at beginning of year 2,708,424 2,208,424

This grant emanates from prior financial years and the municipality is in the process of confirming the existence of a liability to the funders of the grant. Currently no evidence supports the possibility of repayment of the grant, hence no movement in the balance over the past two financial years.

Prov Grant - Salary Temp Worker

Balance unspent at beginning of year 527,275 527,275

This grant emanates from prior financial years and the municipality is in the process of confirming the existence of a liability to the funders of the grant. Currently no evidence supports the possibility of repayment of the grant, hence no movement in the balance over the past two financial years.

PHP Housing

Balance unspent at beginning of year 1,846,795 1,846,795

This grant emanates from prior financial years and the municipality is in the process of confirming the existence of a liability to the funders of the grant. Currently no evidence supports the possibility of repayment of the grant, hence no movement in the balance over the past three financial years.

MSIG

Balance unspent at beginning of year	31,813	31,813
Current year receipts	750,000	-
Conditions met - transferred to revenue	(750,630)	-
	<u>31,183</u>	<u>31,813</u>

The purpose of this grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems.

The municipality used the grant to discharge its duties with regards to compliance matters, assisted where possible by external consultants. The above balance of R 31,183 is currently being investigated and will be written off with the permission of funders as it resulted in prior year misapplication of accounting policies. This will be reported as an prior period error once permission is obtained.

Mohokare Local Municipality

Water and Sewerage Code (WSG) Code

Annual Financial Statements for the year ended 30 June 2010

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20. Government Grants and subsidies (continued)

MIG

Balance unspent at beginning of year	1,323,698	(1,423,339)
Current-year receipts	(12,913,000)	(15,587,283)
Conditions met - transferred to revenue	13,839,865	2,818,889
Expenses incurred but assets not ready for use	10,236,940	15,315,431
	12,487,503	1,323,698

Conditions still to be met - remain liabilities (see note 16)

The grant is utilised to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure providing basic services for the benefit of poor households. The grant was used to construct roads, sewerage and water infrastructure as part of the upgrading of informal settlement areas.

Included in the unspent MIG Grant are retention money and suretyship withheld from various projects financed by MIG.

INEPG - Elec - Phomolong & Somido

Conditions still to be met - remain liabilities (see note 16)

The grant is used to implement the Programme by providing capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

FMG

Balance unspent at beginning of year	-	75,220
Current-year receipts	1,250,000	1,000,000
Conditions met - transferred to revenue	(1,250,000)	(1,075,220)

Conditions still to be met - remain liabilities (see note 16)

The grant is used to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act.

Mohokare Local Municipality

(Municipal department code: M21053)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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20. Government grants and subsidies (continued)

DWAF

Balance unspent at beginning of year	-	656,173
Current-year receipts	2,466,020	-
Conditions met - transferred to revenue	(2,122,194)	-
Other	-	(656,173)
	<u>343,835</u>	<u>-</u>

This grant emanates from prior financial years and the municipality is in the process of confirming the existence of a liability to the funders of the grant. Currently no evidence supports the possibility of repayment of the grant, hence no movement in the balance over the past three financial years

Provincial Grant - Elec

Balance unspent at beginning of year	909,915	909,915
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Conditions still to be met - remain liabilities (see note 16)

21. Rental of facilities and equipment

Rental of equipment	656,777	399,594
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22. Other income

Sundry Income	1,135,008	3,164,589
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Other income includes, sale of tender documents, refunds and auction sales.

Mohokare Local Municipality

IV Annual performance statement (ended 30/06/2011)
Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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	2011	2010
23. General expenses		
Advertising	441,774	225,854
Animal Costs	3,168	4,246
Auditors remuneration	2,175,075	2,159,013
Bank charges	1,047,581	172,732
Chemicals	961,832	1,655,266
Cleaning	112,049	152,481
Computer expenses	108,114	117,865
Pauper burials	18,826	604,338
Consulting and professional fees	5,412,455	5,899,055
Consumables	83,566	21,852
Entertainment	142,282	91,733
Special programmes	536,645	567,750
Fines and penalties	833,142	188,815
Fuel and oil	1,707,687	3,235,288
Insurance	532,618	358,482
Lease rentals on operating lease (including yellow fleet R 6,3m in 2011)	6,709,030	1,380,669
Magazines, books and periodicals	33,019	91,224
Medical expenses	29,374	26,541
Valuations	3,090,318	373,605
Motor vehicle expenses	31,086	32,636
Postage and courier	316,722	250,662
Printing and stationery	463,620	101,350
Royalties and license fees	191,683	20,952
Security (Guarding of municipal property)	36,672	24,686
Software expenses	72,245	136,713
Subscriptions and membership fees	83,177	29,864
Telephone and fax	1,439,525	1,092,832
Training	29,767	110,944
Transport and freight	17,038	14,529
Travel - local	1,675,716	1,239,021
Uniforms	90,536	265,868
	28,426,292	18,646,366

Mohokare Local Municipality

(Municipal account code: 157163)
Annual Financial Statements for the year ended 30 June 2011

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Figures in Rands

	2011	2010
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24. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges		
Motor vehicles	6,335,454	-
▪ Contractual amounts	373,576	1,380,669
Equipment		
• Contractual amounts	6,709,030	1,380,669
Employer costs	32,900,618	24,058,675

Mohokare Local Municipality

Metropolitanropolitan code: 1 9710 01

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands

2011 2010

25. Employee related costs

Basic	19,821,599	15,553,302
Medical aid - company contributions	1,230,031	997,068
UIF	210,310	162,378
SDL	225,809	173,406
Other payroll levies	13,566	(19,717)
Leave pay provision charge	1,654,538	(490,314)
Pro-rata bonus provision charge	20,179	-
Pension fund - company contributions	3,994,905	2,666,608
Travel, motor car, accommodation, subsistence and other allowances	421,217	369,334
Overtime payments	1,575,317	1,006,078
13th Cheques	1,318,338	1,261,051
Housing benefits and allowances	72,922	116,225
Telephone allowance	83,680	52,100
Other allowances	49,075	796,685
	30,691,492	22,144,204

Remuneration of municipal manager

Annual Remuneration	396,198	384,653
Car Allowance	73,758	19,638
Bonuses	-	26,545
Contributions to UIF, Medical and Pension Funds	1,496	108,682
Other	40,956	216,006
	512,408	755,524

The municipal manager has been on has been suspended with full pay since 04 April 2011. Council is investigating the matter and will take the necessary steps in accordance with s32 (2)b of the Municipal Finance and Management Act 56 of 2003.

Remuneration of Chief Finance Officer (Acting)

Annual Remuneration	220,444	331,624
Car Allowance	4,223	24,383
Bonuses - 13th cheque	34,177	18,460
Contributions to UIF, Medical and Pension Funds	54,476	86,436
Other	62,191	213,331
Acting allowance	121,587	-
	497,098	674,234

The municipality did not have a Chief Financial Officer since the month of August 2010. The above salary includes the amount paid to the individual who is acting in that position.

Mohokare Local Municipality

(Municipal Department code: 15,163)

Annual Financial Statements for the year ended 30 June 2011

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25. Employee related costs (continued)

Remuneration of the Head: Technical Services (Acting)

Annual Remuneration	169,178	151,296
Car Allowance	-	37,897
Bonuses - 13th cheque	14,098	12,709
Contributions to UIF, Medical and Pension Funds	36,652	-
Other	-	9,718
Acting allowance	152,656	-
	372,584	211,620

The municipality did not have a Manager: Technical services during the financial year. The above salary indicates the amount paid to the individual who is acting in that position.

Remuneration of the Head: Corporate Services

Annual Remuneration	291,782	260,940
Car Allowance	30,000	30,785
Bonuses - 13th cheque	24,315	21,919
Contributions to UIF, Medical and Pension Funds	83,507	13,176
Acting allowance	30,987	-
	460,586	326,820

The municipality did not have a Manager: Corporate services of the financial year. The above salary indicates the amount paid to the individual who is acting in that position.

Remuneration of the Head: Community Services (Acting)

Annual Remuneration	169,178	-
Car Allowance	30,000	-
Bonuses - 13th cheque	14,098	-
Contributions to UIF, Medical and Pension Funds	54,612	-
Acting allowance	149,254	-
	417,142	-

The municipality did not have a Manager: Community services during the financial year. The above salary indicates the amount paid to the individual who is acting in that position.

Mohokare Local Municipality

(Municipal Identification Code - 159210)

Annual Financial Statements for the year ended 30 June 2011

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26. Remuneration of councillors

Councillors' allowance	2,188,650	1,906,361
Councillors SDI	20,476	8,110
	2,209,126	1,914,471

In-kind benefits

The Mayor is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The previous Mayor had two full-time bodyguards and current Mayor has no bodyguards.

27. Investment revenue

Dividend revenue		
Listed financial assets - Local	1,733	5,204

Finance income		
Unlisted financial assets	31,336	45,186

	1,733	5,204
	31,336	45,186
	33,069	50,390

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 31,336 (PY: R 45,186).

28. Finance costs

Finance leases	177,675	-
Bank	167,857	357,233
Other interest paid	-	61

	295,532	357,294
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Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 295,532 (PY: R 357,294)

29. Auditors' remuneration

Fees	2,051,545	2,159,013
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Mohokare Local Municipality

(Financial reporting code: F5/16/3)

Annual Financial Statements for the year ended 30 June 2011

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30. Operating lease

The municipality leases backup facilities:

- there is no contingent rent payable;
- the lease is renewable annually;

The municipality also leased a fleet of vehicles under a finance lease during the financial year. As this lease commenced and was cancelled during the financial year, the assets have not been included in finance leased assets but the lease has been accounted for as an operating lease.

31. Contracted services

Centlec Pty (Ltd) is contracted to provide electricity services to consumers on behalf of the municipality. A service level agreement was entered into with Centlec and the two parties share the profits and losses of the arrangement.

The contracted service resulted in revenue of electricity sales of R 12,040,737 and bulk purchases of R 16,136,859.

32. Bulk purchases

Electricity	16,136,859	11,871,957
Water		19,892
	16,136,859	11,891,849

The bulk Electricity purchases represent expenditure incurred by Centlec as part of the outsourcing arrangement for electricity services.

33. Cash generated from operations

Surplus	6,389,508	11,928,105
Adjustments for:		
Finance costs - Finance leases	127,675	-
Debt impairment	17,421,479	-
Movements in provisions	-	620,377
Changes in working capital:		
Trade and other receivables from exchange transactions	1,308,429	(5,654,300)
Other receivables from non-exchange transactions	(240,359)	(9,975,141)
Consumer debtors	(8,563,139)	(9,768,529)
Trade and other payables from exchange transactions	5,320,919	10,077,400
VAT	(2,925,411)	-
Unspent conditional grants and receipts	11,507,010	(4,813,874)
Consumer deposits	(73,145)	(81,835)
Deferred revenue	-	4,066,592
Other non-cash items	676,846	-
	25,949,812	398,798

Mohokare Local Municipality

(Revenue department unit code: 157103)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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34. Capital commitments

34.1 Commitments in respect of capital expenditure

Approved and contracted for

• Property, plant and equipment	2,346,453	26,649,008
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Approved but not yet contracted for

• Property, plant and equipment	12,407,994	17,460,000
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This committed expenditure relates to infrastructure assets and will be financed by available government grants

This expenditure will be financed from

• Government grants	14,754,447	39,109,008
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35. Contingencies

Contingent liabilities

The municipality is currently involved in a number of court/other legal cases. The implications are that the municipality will incur expenditure for the settlement of the cases. These represent possible liabilities or possible assets. The future possible settlement costs are estimated as follows:

Party involved	Possible liability
1. Leanya, Makhubé Nzula	R 100,000
2. SAMWU arbitration	R 115,000
3. Staff salaries	R 63,000
4. Keoratlhe traffic solutions	R 100,000
5. Nzula & Makhubé	R 100,000

Mohokare Local Municipality

(Municipal depreciation code: 157163)

Annual Financial Statements for the year ended 30 June 2011

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36. 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:

- key management personnel, and close members of the family of key management personnel;
- entities in which a substantial ownership interest is held, directly or indirectly, by key management personnel or entities over which such a person is able to exercise significant influence;
- entities that control or exert significant influence over the municipality

The economic entity's key management personnel includes the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 1 July 2004.

Relationships

Accounting Officer

T. Panyani

Ultimate controlling entity

National Government of the Republic of South Africa

Close family member of key management

All close family members of key management

Members of key management

K.S. Motsoeneng

T. Panyani

S. Moorosi

M. Tsamotse

T. Lekwala

M. van Pletzen

E. Meades

C. Leeuw

37. Prior period errors

1. Accumulated depreciation totalling R 140,914,926 was calculated in contradiction with the Directive 4 as adopted by the municipality. This was corrected as a prior period error by reversing all the depreciation in the previous financial year. In addition, the classification, presentation and disclosure of property, plant and equipment was changed to comply with GRAP 17 requirements.

2. The equitable share grant in the statement of financial performance was understated by an amount of R 3,302,837. This was due to errors in accounting for indigent subsidies in the accounting records of the municipality.

3. Petty cash included amounts for operating expenditure of R 568,701 which overstated the account

Mohokare Local Municipality

(Municipal Administration Code: M2563)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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37. Prior period errors (continued) balance in the previous financial year:

4. The municipality has implemented a GRAP fixed asset register for the first time. The result of this was that assets were counted and classified in the correct GRAP compliant categories. Differences amounted to R 12,648,758 from the previous year asset register.
5. A fleet of municipal vehicles was acquired through a finance lease in the previous year which was not capitalised. This has been included in the acquisitions for the previous year at an amount of R 75,701,376.
6. Infrastructure projects expenditure to the amount of R 11,773,848 with VAT of R 1,489,720 was not capitalised in the previous year. These have been capitalised and the related VAT adjusted.

The correction of the error(s) results in adjustments as follows:

Statement of financial position	
Property, plant and equipment	140,914,926
Property, plant and equipment	12,648,758
Cash and cash equivalents	568,701
VAT	1,489,720
Property, plant & Equipment	11,773,848
Statement of financial performance	
Revenue	3,302,841
Cash flow statement	
Cash flow from operating activities	
Cash receipts	3,302,841

38. Comparative figures

Certain comparative figures have been reclassified:

The effects of the reclassification are as follows:

1. Biological assets of the municipality valued at R 564,900 were incorrectly classified as inventory. This classification adjustment is shown on the statement of financial position.
2. Property, plant and equipment has been classified according to class in accordance with GRAP 17.
3. All properties meeting the requirements to be classified as investment property have been re-classified as such. As a result, investment property of R 79,404,500 (previous year: 880,853) was incorrectly disclosed as property, plant and equipment.
4. Subsistence and travelling costs totalling R 1,239,021 were included in employee related costs in the

Mohokare Local Municipality

(Member of the Department of Water and Sanitation)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

	2011	2010
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38. Comparative figures (continued)

previous year. This has been re-classified to general expenses.

5. Input tax and output tax were disclosed separately in the prior year. In the current year, VAT has been disclosed as a single line item of R 3,602,921 in the statement of financial position. Output tax of R 259,694 was re-classified from other payables to VAT receivable.

6. Short-term deposits of R 288,601 have been re-classified from investments to cash and cash equivalents.

7. Conditional grants totalling R 1,953,391 with debit balances were incorrectly classified as payables instead of receivables from non-exchange transactions. The grants have been restated to show the change in classification.

8. An amount of R 2,064,771 was re-classified from provisions to accruals as these did not represent provisions but accrued leave pay and accrued pro rata bonus.

9. The bank overdraft of R 1,494,653 was incorrectly disclosed separate from other three bank accounts of the municipality. These have been disclosed together in the current financial year.

10. An amount of R 152,093 was incorrectly classified as an unspent conditional grants which has in the current year been re-classified to property, plant and equipment as it represented acquisition of infrastructure assets.

Statement of financial position

Biological assets	585,000	564,900
Property, plant & equipment	155,975,629	168,770,562
Investment property	79,404,500	880,853
VAT	6,528,332	3,602,921
Cash and cash equivalents	1,484,210	1,206,052
Provisions	3,713,070	2,064,771
Property, plant and equipment	605,342	152,093

Statement of financial performance

Employer related costs	1,675,716	1,239,021
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39. Risk management

Financial risk management

Objectives, policies and processes for managing risks

The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework. The Council has appointed a Chief Risk Officer, a function shared by all

Mohokare Local Municipality

Municipal Identification Code: 1567001

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

2011

2010

39. Risk management (continued)

municipalities in the district) who is responsible for developing and monitoring the municipality's risk management policies. The officer reports regularly to the Council on his activities. The municipality's audit committee oversees the monitoring of compliance with the municipality's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the municipality. The audit committee is assisted in its oversight role by the municipality's internal audit function.

The municipality's internal audit monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. Those risks include the following:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk, equity price risk and commodity price risk).

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties to the extent possible and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

With the exception of trade receivables, the municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers.

The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Potential concentrations of credit rate risk consist mainly of investments, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents.

The credit exposure to any single counterparty is managed by setting transaction or exposure limits, which are included in the municipality's Investment Policy.

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

Mohokare Local Municipality

Municipal department code: 250163

Annual Financial Statements for the year ended 30 June 2011

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2011

2010

39. Risk management (continued)

Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by levying penalty charges, issuing demands for payment, restricting service and handing customers over for collection, whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

No credit limits were exceeded during the reporting period, and management does not expect any deficits from non performance by these counterparties.

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Liquidity risk

Liquidity risk is the risk that the economic entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Council has the ultimate responsibility for liquidity risk management, and has established an appropriate liquidity risk management framework for the management of the economic entity's short, medium and long-term funding and cash flow requirements.

The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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.

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The economic entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. The economic entity's exposures to interest rates on financial assets and financial liabilities are detailed below.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits

Mohokare Local Municipality

(Municipal department code: 15775)

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Figures in Rands

2011

2010

39. Risk management (continued)

- Notice deposits
- Long term annuity
- Development Bank of South Africa loan
- ABSA Overdraft

40. Events after the reporting date

No material events after reporting date occurred.

41. Unauthorised expenditure

Reconciliation of unauthorised expenditure

Approval by Council or Condoned
Unauthorised expenditure awaiting authorisation

2,971,004

12,147,439

15,118,443

Incident
Unbudgeted expenditure

Disciplinary steps / Criminal proceedings
None

Unauthorised expenditure of R 2,971,004 was incurred as a result of unforeseen expenditure in some budget votes. These were investigated by the Accounting Officer and presented to Council for further review. Council has investigated the matter and the above disclosed amount has been condoned by Council. A register containing the details of such expenditure is available for inspection at the municipal offices.

Mohokare Local Municipality

(Municipal demarcation code: P/163)

Annual financial statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

	2011	2010
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42. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance - Restated	1,253,110	-
Fruitless and wasteful expenditure - current year	833,142	1,253,110
	2,086,252	1,253,110

The fruitless and wasteful expenditure incurred during the year was mainly interest and penalties as a result of late payment of debt by the municipality. The fruitless and wasteful expenditure been condoned by Council.

A register containing the details of the above fruitless and wasteful expenditure is available for inspection at the municipal main offices.

43. Irregular expenditure

Opening balance	63,144,064	-
Irregular Expenditure - current year (some current year amounts are from prior year as an investigation was completed in current year and therefore amounts overlapped)	45,559,856	63,144,064
	108,703,920	63,144,064

Details of irregular expenditure - current year

Leasing contracts for office machines - breach of supply chain regulations	Disciplinary steps taken/criminal proceedings Suspension - Employee resigned Provincial COGTA to assist in determining possible further action	3,122,854
Appointment of contractors for M/G projects - breach of supply chain regulations	Suspension - Employee resigned - Provincial COGTA to assist in determining possible further action	25,720,211
Procurement of yellow fleet - breach of supply chain regulations	Suspension - Employee resigned - Provincial COGTA to assist in determining possible further action	6,335,453
Appointment of contractors and consultants for electrification project	Suspension - Employee resigned - Provincial COGTA to assist in determining possible further action	2,816,385
breach of supply chain regulations	Suspension - Employee resigned - Provincial COGTA to assist in determining possible further action	4,169,110
Property valuation consultants - breach of supply chain regulations	Suspension - Employee resigned	2,433,900
Health, water & sanitation project - breach of supply chain regulations	Provincial COGTA to assist in determining possible further action	
VAT review	Suspension - Employee resigned - Provincial COGTA to assist in determining possible further action	931,943

Mohokare Local Municipality

(Municipal demarcation issue: 15/10/21)

Annual Financial Statements for the year ended 31 June 2011

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2011 2010

43. Irregular expenditure (continued)

45,559,856

44. Additional disclosure in terms of Municipal Finance Management Act

Material losses through criminal conduct

Forensic investigations by Pricewaterhousecoopers and KPMG that certain individual/s misappropriated assets of the municipality were undertaken. The municipality is in the process of determining the possibility of criminal activities taking place from the forensic reports. The amount involved cannot be reasonably estimated at year end.

Audit fees

Opening balance	3,203,807	2,225,934
Current year subscription / fee	2,051,545	2,159,013
Amount paid - current year	(3,546,834)	(1,181,140)
	<u>1,708,518</u>	<u>3,203,807</u>

The municipality received indirectly a grant from provincial department of COGTA through the department settling audit fees outstanding of R 2 million for the municipality. The department paid the audit fees directly to the office of the Auditor General

PAYE and UIF

Amount paid - current year

228,967 162,378

Pension and Medical Aid Deductions

Amount paid - current year

5,587,343 3,663,676

VAT

VAT receivable

6,528,332 3,607,921

VAT output payables and VAT input receivables are shown in note . The municipality was subject to a VAT audit in the previous financial year. There have not been adjustments made to VAT balances pending the results of the audit by the SARS. All the required supporting documentation has been submitted to the SARS. Therefore, the amounts disclosed in the balance sheet for VAT are provisional and could change significantly as a result of the audit.

For the current financial year, all VAT returns have been submitted by the due date throughout the year.

Mohokare Local Municipality

(Municipal department code: 157163)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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2011 2010

44. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrears consumer accounts

The following Councillors had arrears accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011	Outstanding	Outstanding	Total
	less than 90 days	more than 90 days	R
	R	R	
Shasha	2,393	20,199	22,592
Ihuhlo	6,353	980	7,333
Letele	744	134	878
Sehanka	1,450	365	1,815
Majenje	496	10,645	11,141
	11,436	32,323	43,759

45. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

A number of deviations occurred during the year (48 incidents) whereby supply chain policies were not followed. A register containing the details, reasons, suppliers and amounts involved is available for inspection at the municipal head office.

46. Revenue

Property rates	3,213,229	6,068,130
Service charges	28,275,181	25,302,341
Rental of facilities & equipment	656,777	399,594
Public contributions and donations	20,580	-
Government grants & subsidies	68,189,764	40,790,368
	100,355,531	72,560,433

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	28,275,181	25,302,341
Rental of facilities & equipment	656,777	399,594
	28,931,958	25,701,935

Mohokare Local Municipality

(Municipal department code: 17113)

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rands

2011 2010

46. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	3,213,229	6,068,130
Public contributions and donations	20,580	
Government grants & subsidies	68,189,764	40,790,368
	71,423,573	46,858,498

47. Debt impairment

Contributions to debt impairment provision

12,421,479 -

The municipality impaired the debtors for the first time in accordance with IAS 39, therefore comparative figures are not available.

48. ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

MOHOKARE LOCAL MUNICIPALITY

FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	3 214,220	3 613,000	(3 901,779)	-50	A significant rebate (R 2 8 million) was given to ratepayers.
Service charges	28 275 181	24 541,000	3 582,181	15	Improved collection.
Rent of building	645 777	66,000	483,777	656	Revenue was underbudgeted, R 128- was levied for services, at the SAPS.
Interest on debtors	126,753		126,753	100%	Interest not budgeted for.
Interest on investment	31,446		31,356	100%	Interest not budgeted for.
Dividends received	1,733		1 733	100%	Not intended.
Government grants and subsidies	68 185,764	50 959,000	17 490 764	35	COGTA Grant in aid of R 6,4 million budgeted, MLC of R 14 million recognised in revenue.
Other income	1 153,640	7 957,000	(6 801,360)	-85	Good not taken.
Total Revenue	101,750,443	86,632,000	15,118,443	17%	
EXPENDITURE					
Employee related costs	31 601,412	33 848,000	(2 166,508)	-5%	Not material.
Remuneration of Councilors	2 269,176	2 422 000	(111,824)	-5%	Not material.
Red doors	12 421,479		12 421,479	100%	Not budgeted for.
Repairs and maintenance	1 021,249		1 021,249	100%	Not correctly budgeted for.
Interest paid	295,132	4 797,000	(4 501,468)	-94%	Planned finance costs for yellow fees did not occur.
Auto purchases	16 136,854	4 014,000	12 164,854	303%	Carries was not included in the budget.
General expenses	32 584,198	41 532,000	(9 049,802)	-21%	Allocation of expenses incurred not consistent with budget. No actual savings achieved.
Total Expenditure	95,360,935	86,632,000	8,728,935	10%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	6,389,508		6,389,508		

Mohokare Local Municipality

(Municipal Department ended 30/06/2011)

Annual Financial Statements for the year ended 30 June 2011

Appendix A: Schedule of external loans

Mohokare Local Municipality

(Municipal department code: 15/103)

Annual Financial Statements for the year ended 30 June 2011

Supplementary Information

Appendix B: Analysis of property, plant and equipment

MOHOKARE LOCAL MUNICIPALITY - ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011										
	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Buildings	1,490,079				1,490,079					1,490,079
Furniture & fixtures	1,001,702				1,001,702					1,001,702
Motor vehicles	28,713,859	581,594		25,701,376	3,491,187					3,491,187
Office equipment	2,107,559				2,107,559					2,107,559
Infrastructure	33,771,283				25,241,784					8,529,499
Commodities	2,600,390				2,600,390					2,600,390
Other property, plant & equipment	71,518				24,528					47,000
Other equipment	19,767,850				13,787,840					6,000,000
Bins & containers	1,232				1,732					500
Capital work in progress		12,777,425			12,777,426					12,777,426
Wastewater network	39,451,035				39,451,035					39,451,035
Water network	50,228,937				50,228,937					50,228,937
Heritage assets	8,145				8,145					8,145
Total fixed assets	158,779,563	12,904,022		25,701,376	155,973,209					155,973,209

Mohokare Local Municipality

(Municipal Administration Code: F5/163)

Annual Financial Statements for the year ended 30 June 2021

Supplementary Information

Appendix C: Segmental analysis of property, plant and equipment

DETAILS	COST					Accumulated Depreciation				
	OPENING BALANCE	ADDITIONS	CONSTRUCTIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	DEPRECIATION	DISPOSALS	CLOSING BALANCE	CARRYING VALUE
Planning and Development										
Executive and Council										
Finance and Administration										
Health										
Community and Social Services										
Sports & Recreation										
Waste Management										
Waste Water Management										
Road Transport										
Warehouses										
Electronics										

Annexure intentionally left blank as reliable information to complete is not readily available

Mohokare Local Municipality

(Municipal demarcation code: LS1673)

Annual Financial Statements for the year ended 30 June 2011

Supplementary Information

Appendix D: Supplemental Statement of Financial Performance

MOHOKARE LOCAL MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2011

2010 ACTUAL INCOME R	2010 ACTUAL EXPENSES R	2010 SURPLUS/ (DEFICIT) R		2011 ACTUAL INCOME	2011 ACTUAL EXPENSES	2011 SURPLUS/ (DEFICIT)
43,884	4,240,723	4 196 839	Executive & Council	(20 799)	5 212 889	5 192 090
-39,558,495	18,343,618	(21 214 877)	Finance and Administration	(62 539 621)	28 896 548	(33 643 073)
-16,491	1,108,131	1 091 640	Planning & Development		884 494	884 494
-148,271	2,492,619	2 344 344	Community & Social Services	(157 953)	2 584 251	2 426 298
-250,269	462,838	712 569	Housing	(451 797)	692 847	741 049
583,119	3,459,410	2 876 291	Public Safety	(156 694)	1 729 544	1 572 850
-46,692	1,344,571	1 297 878	Sports & Recreation	(305 403)	1 614 575	1 309 172
0	201,766	101 766	Environmental Protection	(135 174)	21 560	(113 614)
3,196,894	6,020,843	2 823 949	Waste Management	(3 785 978)	4 853 574	1 066 596
-7,360,603	5,349,933	(2 020 670)	Waste Water Management	(5 936 242)	8 049 213	2 102 970
-7,699	3,169,735	3 162 037	Road Transport	(2 564)	8 772 009	8 769 444
5,529,642	4,933,071	(596 572)	Water	(19 826 475)	18 744 772	(1 081 704)
-17,141,984	11,988,092	(5 153 892)	Electricity	(12 040 738)	16 924 657	4 883 919
(68 884 045)	63 005 347	(5 878 698)	TOTAL	(105 360 440)	98 970 932	(6 389 508)

Mohokare Local Municipality

(Municipal Identification Code: FV/183)

Annual Financial Statements for the year ending 30 June 2011

Supplementary Information

Appendix E(2): Actual versus Budget Acquisition of Property, Plant and Equipment

MOHOKARE LOCAL MUNICIPALITY

APPENDIX (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

FOR THE YEAR ENDED TO JUNE 2011

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council						0%	
Finance and Administration						0%	
Health						0%	
Community & Social Services						0%	
Sports & Recreation						0%	
Waste Management						0%	
Waste Water Management		6 423 114	6 423 114		6 423 114	100%	MIG projects were not correctly budgeted
Road Transport	661 694	5 760 806	6 422 500	25 704 100	(23 260 408)	-88%	MIG projects were not correctly budgeted. 1 item budgeted was returned
Water	605 342	2 148 917	2 754 259	12 917 000	(10 162 741)	-79%	MIG projects were not correctly budgeted
Electricity						0%	
TOTAL	1 287 036	12 222 328	13 509 364	38 616 000	(25 106 636)	-65.02%	

Mohokare Local Municipality

(Municipal Demarcation Order 15/163)

Annual Financial Statements for the year ended 30 June 2017

Supplementary Information

Appendix 1: Disclosure of grants and subsidies in terms of the Municipal Finance Management Act

