

# **SWARTLAND MUNICIPALITY**



Munisipaliteit  
Municipality  
Umasipala

## **FINANCIAL STATEMENTS FOR**

### **THE YEAR ENDED**

**30 JUNE 2007**

**SWARTLAND MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2007**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 88, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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*J J Scholtz*  
*Municipal Manager*

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**21 September 2007**  
*Date*

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**SWARTLAND MUNICIPALITY****STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007**

	Note	2007 R	2006 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>311,810,867</b>	<b>283,394,654</b>
Housing Development Fund	1	3,699,736	5,760,065
Capital replacement reserve		21,235,832	40,219,341
Capitalisation reserve		101,892,393	108,475,793
Government grant reserve		55,040,584	51,804,649
Donations and public contribution reserves		1,814,500	1,910,000
Accumulated Surplus/(Deficit)		128,127,822	75,224,806
<b>Non-current liabilities</b>		<b>46,041,548</b>	<b>46,764,230</b>
Long-term liabilities	2	25,951,366	28,077,272
Provision for post- retirement medical aid benefits	3	17,577,618	16,451,125
Other non-current provisions	4	2,512,564	2,235,833
<b>Current liabilities</b>		<b>49,409,295</b>	<b>36,619,357</b>
Consumer deposits	5	4,158,554	3,822,724
Provisions	6	1,143,736	1,783,329
Creditors	7	30,171,525	19,673,379
Unspent conditional grants and receipts	8	11,460,043	8,031,499
VAT	9	-	1,157,235
Short-term loans	10	-	-
Operating lease liability	11	5,016	-
Bank overdraft	36	-	-
Current portion of long-term liabilities	2	2,470,421	2,151,191
<b>Total Net Assets and Liabilities</b>		<b>407,261,710</b>	<b>366,778,241</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>275,436,296</b>	<b>237,363,234</b>
Property, plant and equipment	12	246,879,841	207,313,638
Intangible Assets	13	1,013,637	40,924
Investment property	14	25,110,659	26,678,005
Investments	15	-	-
Long-term receivables	16	2,432,159	3,330,667
<b>Current assets</b>		<b>131,825,414</b>	<b>129,415,007</b>
Inventory	17	6,293,758	3,755,646
Consumer debtors	18	17,071,761	13,372,595
Other debtors	19	5,271,548	7,050,870
VAT	20	1,749,201	-
Call investment deposits	21	-	-
Current portion of long-term receivables	16	508,107	577,021
Bank balances and cash	36	100,931,039	104,658,875
<b>Total Assets</b>		<b>407,261,710</b>	<b>366,778,241</b>

**SWARTLAND MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 R	2006 R
<b>REVENUE</b>			
Property rates	23	38,479,093	33,955,156
Service charges	24	100,437,171	88,535,212
Rental of facilities and equipment		1,451,260	314,969
Interest earned - external investments		8,258,456	6,283,575
Interest earned - outstanding debtors		1,267,791	1,015,136
Dividends received		-	-
Fines		2,172,287	2,451,918
Licences and permits		2,267,527	2,531,051
Income for agency services		2,117,394	2,061,810
Government grants and subsidies	25	24,124,870	27,340,051
Other Grants		114,431	-
Other income	26	6,435,556	6,865,535
Public contributions, donated and contributed property, plant and equipment		-	2,417,542
Gains on disposal of property, plant and equipment		12,826,928	15,205,226
Profit on Sale Of Land		555,380	123,643
<i>Sale of Land</i>		999,682	2,217,239
<i>Cost of sales</i>		444,302	2,093,596
<b>Total Revenue</b>		<b>200,508,144</b>	<b>189,100,824</b>
<b>EXPENDITURE</b>			
Employee related costs	27	56,279,719	67,276,130
Remuneration of Councillors	28	4,133,104	2,276,299
Bad debts		2,979,509	3,286,962
Collection costs		-	-
Depreciation		11,842,947	10,183,039
Repairs and maintenance		8,890,022	9,774,120
Interest paid	29	3,722,339	3,915,034
Bulk purchases	30	41,330,334	36,677,038
Contracted services		1,837,472	1,480,475
Grants and subsidies paid	31	1,678,302	1,299,394
General expenses	32	39,923,562	30,599,333
Loss on disposal of property, plant and equipment		-	-
<b>Total Expenditure</b>		<b>172,617,310</b>	<b>166,767,824</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>27,890,834</b>	<b>22,333,000</b>
<b>DISCONTINUED OPERATIONS</b>			
Surplus/(Deficit) for the year from discontinued operations	33	(381,491)	-
<b>SURPLUS FOR THE YEAR</b>		<b>27,509,343</b>	<b>22,333,000</b>
<b>Refer to Appendix E (1) for explanation of variances</b>			

The prior year's comparative figures for Employee related costs, General expenses, Government grants and subsidies, Depreciation and Repairs and maintenance have been restated due to the recording of discontinued operations and a correction of error. Please refer to notes 32 and 34.4 for detail of the restatements mentioned.

	<b>Housing Development Fund R</b>	<b>Capital Replacement Reserve R</b>	<b>Capitalisation Reserve R</b>	<b>Government Grant Reserve R</b>	<b>Donations and Public Contribution Reserve R</b>	<b>Accumulated Surplus/ (Deficit) R</b>	<b>Total R</b>
<b>2006</b>							
Balance at 1 July 2005	9,023,332	42,800,369	111,791,934	35,230,476	-	60,680,670	259,526,781
Surplus/(deficit) for the year	-	-	-	-	-	22,333,000	22,333,000
Adjustment for previous years	-	-	-	-	-	(205,967)	(205,967)
Transfer to CRR	-	18,099,183	-	-	-	(18,099,183)	-
Property, plant and equipment purchased	-	(20,680,211)	-	-	-	20,680,211	-
Capital grants used to purchase PPE	-	-	-	19,211,698	-	(19,211,698)	-
Donated/contributed PPE	-	-	-	-	1,910,000	(1,910,000)	-
Transfer to/(from) Housing Development Fund	(3,263,267)	-	-	-	-	3,263,267	-
Asset disposals	-	-	(1,125,500)	-	-	1,125,500	-
Offsetting of depreciation	-	-	(3,106,114)	(2,872,769)	-	5,978,883	-
<b>Balance at 30 June 2006</b>	<b>5,760,065</b>	<b>40,219,341</b>	<b>107,560,320</b>	<b>51,569,405</b>	<b>1,910,000</b>		

**SWARTLAND MUNICIPALITY****CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 R	2006 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		199,207,543	185,867,291
Cash paid to suppliers and employees		(156,181,274)	(133,132,167)
<b>Cash generated from/(utilised in) operations</b>	<b>35</b>	<b>43,026,269</b>	<b>52,735,124</b>
Dividends received			
Interest received		8,258,456	6,283,575
Interest paid		(3,722,339)	(3,915,034)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>47,562,386</b>	<b>55,103,665</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(51,555,293)	(41,867,777)
Proceeds on disposal of property, plant and equipment		173,862	-
(Increase)/decrease in intangible assets		(972,713)	-
(Increase)/decrease in investment properties		1,567,346	1,125,500
(Increase)/decrease in non- current receivables		967,422	1,343,746
(Increase)/decrease in non-current investments		-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(49,819,376)</b>	<b>(39,398,531)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(1,806,676)	(1,976,823)
Increase/(decrease) in consumer deposits		335,830	242,267
Decrease/(increase) in short-term loans		-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(1,470,846)</b>	<b>(1,734,556)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(3,727,836)</b>	<b>13,970,578</b>
		<b>(3,727,836)</b>	<b>13,970,578</b>
Cash and cash equivalents at the beginning of the year		104,658,875	90,688,297
Cash and cash equivalents at the end of the year	<b>36</b>	100,931,039	104,658,875

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**1. BASIS OF PREPARATION**

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

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

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

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The entity has elected to early adopt the following requirement's in GRAP, GAMAP or SA GAAP, which were exempted in terms of General notice 522 of 2007:

Standard no.	Standard Title	GRAP, GAMAP and/or SA GAAP requirements), exempted in terms of General notice 522 of 2007, that have been early adopted.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17. The entire standard as far as it relates to water stock that was not purchased by the municipality.
IAS 12 (AC 105)	Leases	Recognising operating lease payments/receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 - 34 and 50 - 51, SAICA CIRCULAR 12/06.08-11)
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 - 119 and 120A (c) - (q))
IAS 38 (AC 129)	Intangible Assets	The entire standard.
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17 (except for the disclosure of the fair value of investment property where investment property has been recognised in terms of this standard (IAS 40.79(e)(i) - (iii))

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

**2. PRESENTATION CURRENCY**

These Annual Financial Statements are presented in South African Rand.

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**GOING CONCERN ASSUMPTION**

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

**4. OFFSETTING**

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

**5. HOUSING DEVELOPMENT FUND**

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

**6. RESERVES**

6.1 *Capital Replacement Reserve (CRR)*

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

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

6.2 *Capitalisation Reserve*

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

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

6.3 *Government Grant Reserve*

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

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

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**6. RESERVES (continued)**

**6.4** *Donation and Public Contributions Reserve*

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

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

**6.5** *Revaluation Reserve*

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

**7. PROPERTY, PLANT AND EQUIPMENT**

**7.1** *Fixed Assets*

Property, plant and equipment, is stated at cost, less accumulated depreciation.

Where item of property plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Land and buildings are not revalued.

The cost of an item of property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed. Examples of subsequent expenditure which should be capitalised are the enhancement of an existing asset so that its use is expanded, or the further development of an asset so that its original life is extended.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold will be determined annually during the budget process.

All assets of the Municipality are verified annually in terms of Council's Asset Management Policy to:-

- \* Physically identify all assets.
- \* Determine assets to be written-off.
- \* Determine obsolete assets.
- \* Determine changes in the estimated useful lives of assets.
- \* Determine impairment losses on assets.

**7.2** *Depreciation*

Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

**7.2 Depreciation (continued)**

	<u>Years</u>	<u>Other</u>	<u>Years</u>
<b>Infrastructure</b>			
Roads and Paving	15 - 20	Buildings	30
Pedestrian Malls	30	Specialist vehicles	5 - 20
Electricity	20 - 30	Other Vehicles	5 - 10
Water	15 - 20	Office equipment	3 - 7
Sewerage	15 - 20	Furniture and fittings	7 - 10
Housing	30	Watercraft	15
		Bins and containers	5
		Specialised plant and equipment	10 - 15
<b>Community</b>			
Buildings	30	Other items of plant and equipment	2 - 5
Recreational Facilities	20 - 30	Landfill sites	15
Security	5		

The estimated useful lives and the depreciation methods was not reviewed in the previous and current financial years as it is required by GAMAP 17, as these requirements have been exempted in terms of General notice 552 of 2007.

**7.2.1 Land**

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

**7.2.2 Incomplete Construction Work**

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

**7.2.3 Heritage Assets**

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

**7.3 Disposal of property, plant and equipment**

\* The book values of assets are written off on disposal.

\* The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

**7.4 Impairment**

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance. The municipality should assess at each reporting date whether there is any indication that any items of PPE may be impaired by reviewing external and internal sources of information which indicates that impairments may have occurred. However for the previous financial year and the current year under review, the municipality did not perform impairment testing on its assets as is required by GAMAP 17 and IAS 36/AC128, as these requirements have been exempted in terms of General notice 552 of 2007.

**8. INTANGIBLE ASSETS**

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on a straight-line basis over their useful lives. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment.

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**8. INTANGIBLE ASSETS (continued)**

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

**9. INVESTMENT PROPERTY**

Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is 50 years.

Where the classification of an investment property is based on management's judgment, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

All properties held to earn rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.

The gain or loss arising on the disposal of an investment property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**10. FINANCIAL INSTRUMENTS**

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

**10.1 Financial Assets**

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

- Listed Investments (Shares)
- Unlisted Investments (Local Authority Stock)
- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

In

Listed Investments	Financial Assets: Held at fair value through profit or loss
Unlisted Investments	Held at fair value through profit or loss
Investments in Fixed Deposits	Held to maturity
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Short-term Investment Deposits	Held to maturity
Bank Balances and Cash	Available for sale

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**10. FINANCIAL INSTRUMENTS (continued)**

**10.2** *Financial Liabilities*

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

- \* Long-term Liabilities
- \* Provisions
- \* Creditors
- \* Bank Overdraft
- \* Current Portion of Long-term Liabilities
- \* Defined Benefit Obligations
- \* Consumer Deposits
- \* VAT

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

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

In accordance with IAS 39.09, all the Financial Liabilities of the municipality are classified as financial liabilities that are not measured at fair value through profit or loss.

**Creditors**

Creditors are stated at their nominal value.

**10.3** *Measurement*

Financial Instruments are in the current and prior years recognised and measured at cost. The requirement of IAS 39.43, AG 64, AG 65, AG 79 and SAICA circular 9 that financial instruments should initially be measured at fair value have been exempted in terms of General notice 552 of 2007.

**Financial Assets**

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

**Financial Liabilities**

Financial liabilities that are not held-for-trading are measured at amortised cost using the effective interest rate method.

**10.4** *Impairment of Financial Assets*

At each balance sheet date an assessment is made whether there is any objective evidence of impairment of Financial Assets. If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS39.64 whereby the recoverability of Consumer Debtors is assessed collectively after grouping the assets in financial assets with similar credit risks characteristics.

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

**10.5** *Derecognition of Financial Assets*

The municipality only derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires.

**10.6** *Derecognition of Financial Liabilities*

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

**SWARTLAND MUNICIPALITY****ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007****11. INVENTORIES**

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water and purified effluent are valued at purified cost insofar as it's stored and controlled in reservoirs at year-end.

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

Cost of inventory comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventory to its present location and condition.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction.

**12. REVENUE RECOGNITION**

Revenue for the current and prior financial year, was initially recognised at cost. The requirement of GAMAP 9.12 and SAICA circular 9/06 that the initial measurement of revenue be recognised at fair value through discounting all future receipts using an imputed rate of return have been exempted in terms of General notice 552 of 2007.

**12.1 Revenue from Exchange Transactions****12.1.1 Service Charges**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the 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 are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**12.1.2 Pre-paid Electricity**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

**12.1.3 Interest Earned**

Interest and rentals are recognised on a time proportion basis.

**12.1.4 Dividend and Royalties**

Dividends and royalties are recognised on the date that the Municipality becomes entitled to receive the dividend or royalty in accordance with the substance of the relevant agreement, where applicable.

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**12. REVENUE RECOGNITION (continued)**

**12.1 Revenue from Exchange Transactions (continued)**

**12.1.5 Traffic Charges**

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

**12.1.6 Income from Agency Services**

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

**12.1.7 Housing Rental and Instalments**

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

**12.1.8 Sale of Goods**

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

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

**12.1.9 Government Grants and Public Contributions**

Revenue from government grants and public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where government grants and public contributions have been received but the municipality has not met the condition, a liability is recognised. The requirements of IAS20 (excluding paragraphs 24 and 26) have not been met in the current and prior financial years as these requirements have been exempted in terms of General notice 552 of 2007.

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

**12.2 Revenue from Non-exchange Transactions**

**12.2.1 Rates and Taxes**

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

**12.2.2 Levies**

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data is accrued. Estimates are reviewed regularly to ensure that average data is appropriate.

**12.2.3 Fines**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

**SWARTLAND MUNICIPALITY****ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007****12. REVENUE RECOGNITION (continued)****12.2 Revenue from Non-exchange Transactions (continued)****12.2.4 Donations and Contributions**

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

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

**12.2.5 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. Such revenue is based on legislated procedures.

**13. CONDITIONAL GRANTS AND RECEIPTS**

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

**14. PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the municipality.

**15. EMPLOYEE BENEFITS****15.1 Short-term employee benefits**

Remuneration to employees is recognised in the income statement as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

**15.2 Defined contribution plans**

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the income statement in the period in which the service is rendered by the relevant employees.

**15.3 Defined benefit plans**

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of the medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee. The other medical aid funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**15. POST-RETIREMENT BENEFITS (continued)**

**15.3** *Defined benefit plans (continued)*

Unrecognised actuarial gains and losses, in excess of the greater of 10% of the fair value of plan assets or the present value of the obligation at the beginning of the period, are recognised in the income statement over the average expected remaining working lives of employees who qualify for the benefits.

The past service cost is recognised as an expense on a straight-line basis in the income statement over the average period until the benefits become vested. Any curtailment of benefits or settlement amounts is recognised in the income statement when they are incurred.

**15.4** *Provincially Administered Defined Benefit Plans*

The municipality contributes to various National and Provincial administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to note 43 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds, are actuarially valued annually on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

**15.5** *Other long term employee benefits*

The municipality provides long service bonuses to eligible employees. The amount recognized as a liability for long service bonuses is the present value of the defined benefit obligation, calculated using the projected unit credit method. Valuations of these obligations are carried out every year by independent qualified actuaries. All actuarial gains and losses and past service costs are recognized in profit or loss immediately when incurred.

**16. LEASES**

**16.1** *The Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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

**16.2** *The Municipality as Lessor*

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

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

**17. BORROWING COSTS (expensed)**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

**18. VALUE ADDED TAX**

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

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**19. CASH AND CASH EQUIVALENTS**

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.

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

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

**20. UNAUTHORISED EXPENDITURE**

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

**21. IRREGULAR EXPENDITURE**

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

**22. FRUITLESS AND WASTEFUL EXPENDITURE**

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

**23. FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

**24. CRITICAL JUDGEMENTS AND ASSUMPTIONS**

**24.1** *Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Municipality's accounting policies, which are described above, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**24.2** *Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations (see 24.3 below), that the management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**24. CRITICAL JUDGEMENTS AND ASSUMPTIONS (continued)**

**24.2** *Critical judgements in applying accounting policies (continued)*

**24.2.1** *Revenue recognition*

Accounting policy note 12.1 on Revenue from Exchange Transactions and Accounting Policy Note 12.2 on Revenue from Non-Exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

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

**24.3** *Key assumptions*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**24.3.1** *Impairment of Financial Assets*

Accounting policy note 10.4 on impairment of financial assets describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS39: Financial Instruments: Recognition and Measurement. The management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in note 18 and 19 to the annual financial statements.

**24.3.2** *Useful lives of property, plant and equipment*

As described in accounting policy note 7.2, the municipality depreciates its Property, Plant and Equipment over the estimated useful lives of the assets, which is determined when the assets are brought into use. As mentioned in the said policy, the estimated useful life of the assets and the depreciation methods of the assets were however not reviewed during the current or prior financial years.

**24.3.3** *Defined Benefit plan liabilities*

As described in accounting policy note 15 on post retirement benefits, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post Retirement Health Benefit obligations and Long Service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 3 and 4 to the annual financial statements.

**25.** *Changes in accounting policies, estimates and errors*

Changes in accounting policies that are affected by management have not been applied retrospectively as is required by GRAP 3 as this requirement has been exempted in terms of General Notice 522 of 2007.

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

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 33 to the annual financial statements for details of corrections of errors recorded during the period under review,

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**26**    **COMPARATIVE INFORMATION**

**26.1**    *Current year comparatives*

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

**26.2**    *Prior year comparatives*

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

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>1. HOUSING DEVELOPMENT FUND</b>		
Housing Development Fund	<b>3,699,736</b>	<b>5,760,065</b>
Unappropriated Surplus	1,066,449	2,419,004
Loans extinguished by Government on 1 April 1998	2,633,287	3,341,061
The Housing Development Fund is represented by the following assets and liabilities		
Housing selling scheme loans (see note 16)	2,633,287	3,341,061
Housing Rental Debtors (see note 18)	224,354	384,238
Bank and cash	842,095	2,034,766
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>3,699,736</b>	<b>5,760,065</b>
<b>2. LONG- TERM LIABILITIES</b>		
Annuity Loans	28,077,272	30,228,463
Capitalised Lease Liability	344,515	-
<b>Sub-total</b>	<b>28,421,787</b>	<b>30,228,463</b>
<b>Less : Current portion transferred to current liabilities</b>	<b>2,470,421</b>	<b>2,151,191</b>
Annuity Loans	2,400,580	2,151,191
Capitalised Lease Liability	69,841	-
<b>Total External Loans</b>	<b>25,951,366</b>	<b>28,077,272</b>
Annuity Loans are repaid over periods varying from ten to twenty years and at interest rates varying from 11.60 % to 15.60 % per annum. Refer to Appendix A for more details.		
Finance Leases relates to office equipment with lease terms of five years. The effective interest rate on finance leases is between 13.21 % and 48.13 %.		
Management of the municipality is of the opinion that the carrying value of Long- Term Liabilities recorded at amortised cost in the financial statements approximate their fair values.		
The fair value of Long- Term Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.		
Refer to Appendix A for more detail on long- term liabilities.		
<b>3. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY</b>		
Post-Employment Health Care Benefit Liability	18,451,268	17,238,790
<b>Total: Post Retirement Medical Aid Benefit Liability</b>	<b>18,451,268</b>	<b>17,238,790</b>
Less: Transfer to Current Provisions	873,650	787,665
<b>Net Post-Employment Health Care Benefit Liability</b>	<b>17,577,618</b>	<b>16,451,125</b>
The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.		
The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
- In-service members	200	183
- Continuation members	55	54
<b>Total</b>	<b>255</b>	<b>237</b>
The liability in respect of past service has been estimated to be as follows:		
- In-service members	8,027,848	5,955,495
- Continuation members	12,353,598	11,283,295
	<b>20,381,446</b>	<b>17,238,790</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R			
<b>3. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY (Continued)</b>					
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:					
- Bonitas					
- Global Health					
- LA Health					
- Munimed					
- Samwumed					
The future service cost for the ensuing year is established to be R 848 905, whereas the interest-cost for the next year is estimated to be R 1 630 516.					
Key actuarial assumptions used:					
Discount rate	8.00 %	8.00 %			
Health Care Cost Inflation Rate	6.50 %	6.50 %			
Net Effective Discount Rate	1.41 %	1.41 %			
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>					
Present value of fund obligations	20,381,446	17,238,790			
Fair value of plan assets	-	-			
	<b>20,381,446</b>	<b>17,238,790</b>			
Unrecognised past service cost	-	-			
Unrecognised actuarial losses	(1,930,178)	-			
Present value of unfunded obligations	20,381,446	17,238,790			
<b>Benefit Liability</b>	<b>18,451,268</b>	<b>17,238,790</b>			
<b>The amount recognised in the Statement of Financial Performance are as follows:</b>					
Current service cost	621,040	-			
Interest cost	1,379,103	-			
Vested past service cost	-	17,238,790			
<b>Total included in Employee Related Costs (Note 27)</b>	<b>2,000,143</b>	<b>17,238,790</b>			
<b>The movement in the defined benefit obligation over the year is as follows:</b>					
Balance at beginning of year	17,238,790	-			
Current service cost	621,040	17,238,790			
Interest cost	1,379,103	-			
Benefits paid	(787,665)	-			
Actuarial (gain)/loss on the obligation	1,930,177	-			
<b>Balance at end of year</b>	<b>20,381,445</b>	<b>17,238,790</b>			
The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:					
<b>2007</b>					
Effect on the aggregate of the current service cost and the interest cost	1,062,126	685,358			
Effect on the defined benefit obligation	23,705,000	17,703,000			
<b>2006</b>					
Effect on the aggregate of the current service cost and the interest cost	782,000	498,000			
Effect on the defined benefit obligation	19,910,000	15,080,000			
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Defined benefit obligation	20,381,446	17,238,790	-	-	-
Experience adjustments on plan liabilities	1,930,177	-	-	-	-
The transitional defined benefit liabilities for Post Retirement Medical Aid Benefits have been recognised in the financial statements of the municipality as at 30 June 2006 in terms of IAS19, 155(a). Thus the full transitional liability have been recognised as at 30 June 2006.				-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>4. OTHER NON- CURRENT PROVISIONS</b>		
<i>4.1 Long Service Awards</i>		
Provision for Long Service Awards	2,782,650	2,385,606
<b>Total Provision for Long Service Awards</b>	<b>2,782,650</b>	<b>2,385,606</b>
Less: Transfer to Current Provisions	270,086	149,773
<b>Net Long Service Awards liability</b>	<b>2,512,564</b>	<b>2,235,833</b>

The Long Service Awards plans are defined benefit plans. As at year end, 533 employees were eligible for Long Service Awards.

The future service cost for the ensuing year is estimated to be R 402 542, whereas the interest-cost for the next year is estimated to be R 222 612.

Key actuarial assumptions used:

Discount rate	8.00 %	8.00 %
Health Care Cost Inflation Rate	6.00 %	6.50 %
Net Effective Discount Rate	1.89 %	1.41 %

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

Present value of fund obligations	2,782,650	2,385,606
Fair value of plan assets	-	-
	<b>2,782,650</b>	<b>2,385,606</b>
Unrecognised past service cost	-	-
Unrecognised actuarial losses	-	-
Present value of unfunded obligations	2,782,650	2,385,606
<b>Net liability</b>	<b>2,782,650</b>	<b>2,385,606</b>

**The amount recognised in the Statement of Financial Performance are as follows:**

Current service cost	341,842	-
Interest cost	190,848	-
Actuarial loss	313,198	-
Vested past service cost	-	2,385,606
<b>Total included in Employee Related Costs (Note 27)</b>	<b>845,888</b>	<b>2,385,606</b>

**The movement in the defined benefit obligation over the year is as follows:**

Balance at beginning of year	2,385,606	-
Current service cost	341,842	2,385,606
Interest cost	190,848	-
Benefits paid	(448,844)	-
Actuarial losses recognised	313,198	-
<b>Balance at end of year</b>	<b>2,782,650</b>	<b>2,385,606</b>

	2007	2006	2005	2004	2003
Defined benefit obligation	2,782,650	2,385,606	-	-	-
Experience adjustments on plan liabilities	313,198	-	-	-	-

The transitional defined benefit liabilities for Long Service Awards have been recognised in the financial statements of the municipality as at 30 June 2006 in terms of IAS19, 155(a). Thus the full transitional liability have been recognised as at 30 June 2006.

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**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	R	R
<b>5. CONSUMER DEPOSITS</b>		
Electricity and Water	4,158,554	3,822,724
Interest paid	-	-
<b>Total Consumer Deposits</b>	<b>4,158,554</b>	<b>3,822,724</b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>636,543</b>	<b>663,543</b>

No interest is paid on consumer deposits held.

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

The fair value of Consumer Deposits were determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

Consumer deposits is paid by consumers on application for new water and electricity connections. The deposits is repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council can utilize the deposit as payment for the outstanding account.

**6. PROVISIONS**

Performance Bonus	-	-
Current portion of Post-Employment Health Care Benefits (see note 3 above)	873,650	787,665
Unbilled Electricity: Eskom	-	845,891
Current portion of Long-Service Awards (see note 4 above)	270,086	149,773
<b>Total Provisions</b>	<b>1,143,736</b>	<b>1,783,329</b>

The movement in current provisions are reconciled as follows:

	Performance Bonus	Post- Employment Health Care Benefits	Unbilled Electricity Eskom	Current portion of Long- service
<b>30 June 2007</b>				
Balance at beginning of year	-	787,665	845,891	149,773
Transfer from non-current	-	873,650	-	270,086
Contributions to provision	-	-	-	299,071
Expenditure incurred	-	(787,665)	(845,891)	(448,844)
Reversal of provision	-	-	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>873,650</b>	<b>-</b>	<b>270,086</b>
<b>30 June 2006</b>				
Balance at beginning of year	-	-	845,891	-
Transfer from non-current	-	-	-	149,773
Contributions to provision	-	17,238,790	-	-
Correction in error (see note 34 )	-	(16,451,125)	-	-
Expenditure incurred	-	-	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>787,665</b>	<b>845,891</b>	<b>149,773</b>

**7. CREDITORS**

Trade creditors	21,921,916	12,796,065
Payments received in advance	354,768	68,788
Retentions	1,391,660	1,594,334
Staff leave	3,177,406	2,629,613
Other creditors	3,325,775	2,584,579
<b>Total Creditors</b>	<b>30,171,525</b>	<b>19,673,379</b>

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

<b>2007</b>	<b>2006</b>
<b>R</b>	<b>R</b>

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

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

**8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS****8.1 Conditional Grants by other spheres of Government**

	<b>11,120,043</b>	<b>8,028,720</b>
Abbotsdale Housing Project	114,108	114,108
Borehole: Kalbaskraal	-	120,000
Borehole: Rosenhof	-	14,569
Cleanest Town	83,471	-
Cleaning Projects Swartland	-	99,910
Community Development: Workers	24,280	-
Darling Pedestrian Route	61,982	61,982
Darling Sewerage Phase II	-	-
Drought Relief	2,500,000	2,500,000
Electricity Riebeeck Kasteel/Kalbaskraal	435,975	-
Equitable Share	4,667,707	1,738,655
Financial Management Grant	511,926	416,833
Housing: Riebeeck Kasteel	265,337	264,690
Ilinge Lethu Advisory Centre	98,558	-
Ilinge Lethu Multipurpose Centre	161,115	308,750
Ilinge Lethu Housing Project	18,254	18,254
Imbizo	-	-
Irrigation: Sewerage Water Cricket Field	120,000	120,000
Kalbaskraal Housing Project	75,458	75,458
Kalbaskraal Housing Project (2)	45,820	266,082
Klippiesdal Housing Project	-	-
Koringberg Sport Development	-	30,362
Koringberg Taxi Rank	-	99,711
Local Government Transition Fund	-	188,422
Malmesbury Saamstaan Housing Project	50,427	50,427
Masibambani: Services	85,019	-
Masterplanning: Sewerage and Stormwater	-	-
Municipal Infrastructure Grant	183,733	-
Goedgedacht Sportgrounds	500,000	-
Regional Development	-	181,849
Riebeeck Kasteel Extension 3 Housing Project	95,194	95,194
Riebeeck Kasteel: Non Motorised Transport	57,214	-
Riebeeck Wes Koinonia Housing Project	173,641	178,268
Riverlands/Chatsworth Sport	250,000	250,000
Sibanye Township	-	348,000
Soup Kitchen	7,878	55,106
Spatial Development Framework	297,057	110,000
Sport: Kalbaskraal	-	7,163
Swartland Youth Art School	-	31,038
Tourism	-	45,000
Upgrading: Polla Park	235,889	235,889
Vegetable Garden	-	3,000
<b>8.2 Other Conditional Receipts</b>	<b>340,000</b>	<b>2,779</b>
Heritage Survey	-	102
Investigation Potable Water	-	2,677
Spatial Development Plan	340,000	-
<b>Total Conditional Grants and Receipts</b>	<b>11,460,043</b>	<b>8,031,499</b>

See Note 25 for reconciliation of grants by other spheres of government.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>9. VAT</b>		
VAT payable	-	1,157,235

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

No interest is payable to SARS if the VAT is paid over timeously, but interest, for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**10. SHORT-TERM LOANS**

Call Bonds	-	-
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**11. OPERATING LEASE LIABILITY**

Operating leases are recognized on the straight-line basis as per the requirement of IAS 17. The operating lease liability was calculated as follows:

The operating lease liability was calculated as follows.

Operating expenses recorded	862,043	-
Operating lease payments effected	(857,027)	-
<b>Net operating lease liability</b>	<b>5,016</b>	<b>-</b>

**12. PROPERTY, PLANT AND EQUIPMENT****30 June 2007**

Reconciliation of Carrying Value	Land and Buildings R	Infra-structure R	Community R	Heritage R	Total carried forward R
<b>Carrying values at 1 July 2006</b>	<b>66,629,777</b>	<b>112,621,070</b>	<b>11,771,541</b>	<b>153,211</b>	<b>191,175,599</b>
Cost	101,168,643	863,449,030	25,794,741	586,266	990,998,680
Correction of error	-	-	-	-	-
Revaluation	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>(34,538,866)</b>	<b>(750,827,960)</b>	<b>(14,023,200)</b>	<b>(433,055)</b>	<b>(799,823,081)</b>
- Cost	(39,876,461)	(750,827,960)	(14,623,200)	(433,055)	(805,760,676)
- Correction of error	5,337,595	-	600,000	-	5,937,595
- Revaluation	-	-	-	-	-
Acquisitions	2,458,109	40,047,780	3,142,593	-	45,648,482
Capital under Construction	-	2,379,668	55,000	-	2,434,668
Increases/decreases in revaluation	-	-	-	-	-
<b>Depreciation</b>	<b>(886,968)</b>	<b>(7,766,982)</b>	<b>(731,694)</b>	<b>(10,109)</b>	<b>(9,395,753)</b>
- based on cost	(886,968)	(7,766,982)	(731,694)	(10,109)	(9,395,753)
- based on revaluation	-	-	-	-	-
<b>Carrying value of disposals</b>	<b>(102,010)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(102,010)</b>
Cost/revaluation	(102,010)	-	-	-	(102,010)
Accumulated depreciation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2007</b>	<b>68,098,908</b>	<b>147,281,536</b>	<b>14,237,440</b>	<b>143,102</b>	<b>229,760,986</b>
Cost	103,524,742	905,876,478	28,992,334	586,266	1,038,979,820
Correction of error (note 34)	-	-	-	-	-
Revaluation	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>(35,425,834)</b>	<b>(758,594,942)</b>	<b>(14,754,894)</b>	<b>(443,164)</b>	<b>(809,218,834)</b>
- Cost	(35,425,834)	(758,594,942)	(14,754,894)	(443,164)	(809,218,834)
- Correction of error (note 34)	-	-	-	-	-
- Revaluation	-	-	-	-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007****12. PROPERTY, PLANT AND EQUIPMENT (continued)**

30 June 2007

<b>Reconciliation of Carrying Value</b>	<b>Total brought forward</b>	<b>Other</b>	<b>Housing Development Fund</b>	<b>Leased infrastructure</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2006</b>	<b>191,175,599</b>	<b>15,244,584</b>	<b>893,455</b>	-	<b>207,313,638</b>
Cost	990,998,680	28,521,663	1,613,177	-	1,021,133,520
Correction of error	-	(51,154)	-	-	(51,154)
Revaluation	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>(799,823,081)</b>	<b>(13,225,925)</b>	<b>(719,722)</b>	-	<b>(813,768,728)</b>
- Cost	(805,760,676)	(14,976,996)	(719,722)	-	(821,457,394)
- Correction of error	5,937,595	1,751,071	-	-	7,688,666
- Revaluation	-	-	-	-	-
Acquisitions	45,648,482	3,472,143	-	-	49,120,625
Capital under Construction	2,434,668	-	-	-	2,434,668
Increases/decreases in revaluation	-	-	-	-	-
<b>Depreciation</b>	<b>(9,395,753)</b>	<b>(2,351,986)</b>	<b>(67,489)</b>	-	<b>(11,815,228)</b>
- based on cost	(9,395,753)	(2,351,986)	(67,489)	-	(11,815,228)
- based on revaluation	-	-	-	-	-
<b>Carrying value of disposals</b>	<b>(102,010)</b>	<b>(71,852)</b>	-	-	<b>(173,862)</b>
Cost/revaluation	(102,010)	(264,795)	-	-	(366,805)
Accumulated depreciation	-	192,943	-	-	192,943
Impairment losses	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2007</b>	<b>229,760,986</b>	<b>16,292,889</b>	<b>825,966</b>	-	<b>246,879,841</b>
Cost	1,038,979,820	31,677,857	1,613,177	-	1,072,270,854
Correction of error (note 34)	-	-	-	-	-
Revaluation	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>(809,218,834)</b>	<b>(15,384,968)</b>	<b>(787,211)</b>	-	<b>(825,391,013)</b>
- Cost	(809,218,834)	(15,384,968)	(787,211)	-	(825,391,013)
- Correction of error (note 34)	-	-	-	-	-
- Revaluation	-	-	-	-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007****12. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2006

<b>Reconciliation of Carrying Value</b>	<b>Land and Buildings</b>	<b>Infra-structure</b>	<b>Community</b>	<b>Heritage</b>	<b>Total carried forward</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2005</b>	<b>57,270,820</b>	<b>87,336,054</b>	<b>9,564,281</b>	<b>163,320</b>	<b>154,334,475</b>
Cost	108,692,097	831,556,890	13,168,899	30,140	953,448,026
Correction of error	(11,990,469)	169,612	10,398,592	556,126	(866,139)
Revaluation	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>(39,430,808)</b>	<b>(744,390,448)</b>	<b>(14,003,210)</b>	<b>(422,946)</b>	<b>(798,247,412)</b>
- Cost	(49,935,257)	(743,612,064)	(3,769,111)	(6,029)	(797,322,461)
- Correction of error	10,504,449	(778,384)	(10,234,099)	(416,917)	(924,951)
- Revaluation	-	-	-	-	-
Acquisitions	1,625,547	21,393,284	2,827,250	-	25,846,081
Capital under Construction	2,241,468	10,329,244	-	-	12,570,712
Increases/decreases in revaluation	-	-	-	-	-
<b>Depreciation</b>	<b>(817,653)</b>	<b>(6,437,512)</b>	<b>(619,990)</b>	<b>(10,109)</b>	<b>(7,885,264)</b>
- based on cost	(817,653)	(6,437,512)	(619,990)	(10,109)	(7,885,264)
- based on revaluation	-	-	-	-	-
<b>Carrying value of disposals</b>	<b>372,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>372,000</b>
Cost/revaluation	-	-	-	-	-
Accumulated depreciation	372,000	-	-	-	372,000
Impairment losses	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2006</b>	<b>66,629,777</b>	<b>112,621,070</b>	<b>11,771,541</b>	<b>153,211</b>	<b>191,175,599</b>
Cost	101,168,643	863,449,030	25,794,741	586,266	990,998,680
Correction of error (note 34)	-	-	-	-	-
Revaluation	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>(34,538,866)</b>	<b>(750,827,960)</b>	<b>(14,023,200)</b>	<b>(433,055)</b>	<b>(799,823,081)</b>
- Cost	(39,876,461)	(750,827,960)	(14,623,200)	(433,055)	(805,760,676)
- Correction of error (note 34)	5,337,595	-	600,000	-	5,937,595
- Revaluation	-	-	-	-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007****12. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2006

Reconciliation of Carrying Value	Total brought forward	Other	Housing Development Fund	Leased infrastructure	Total
	R	R	R	R	R
<b>Carrying values at 30 June 2005</b>	<b>154,334,475</b>	<b>12,362,529</b>	<b>960,944</b>	-	<b>167,657,948</b>
Cost	953,448,026	23,823,058	2,223,263	-	979,494,347
Correction of error	(866,139)	1,476,225	(610,086)	-	-
Revaluation	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>(798,247,412)</b>	<b>(12,936,754)</b>	<b>(652,233)</b>	-	<b>(811,836,399)</b>
- Cost	(797,322,461)	(12,764,487)	(1,262,318)	-	(811,349,266)
- Correction of error	(924,951)	(172,267)	610,085	-	(487,133)
- Revaluation	-	-	-	-	-
Acquisitions	25,846,081	3,333,565	-	-	29,179,646
Capital under Construction	12,570,712	117,419	-	-	12,688,131
Increases/decreases in revaluation	-	-	-	-	-
<b>Depreciation</b>	<b>(7,885,264)</b>	<b>(2,268,846)</b>	<b>(67,489)</b>	-	<b>(10,221,599)</b>
- based on cost	(7,885,264)	(2,268,846)	(67,489)	-	(10,221,599)
- based on revaluation	-	-	-	-	-
<b>Carrying value of disposals</b>	<b>372,000</b>	-	-	-	<b>372,000</b>
Cost/revaluation	-	(228,604)	-	-	(228,604)
Accumulated depreciation	372,000	228,604	-	-	600,604
Impairment losses	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2006</b>	<b>191,175,599</b>	<b>15,244,584</b>	<b>893,455</b>	-	<b>207,313,638</b>
Cost	990,998,680	28,521,663	1,613,177	-	1,021,133,520
Correction of error (note 34)	-	(51,154)	-	-	(51,154)
Revaluation	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>(799,823,081)</b>	<b>(13,225,925)</b>	<b>(719,722)</b>	-	<b>(813,768,728)</b>
- Cost	(805,760,676)	(14,976,996)	(719,722)	-	(821,457,394)
- Correction of error (note 34)	5,937,595	1,751,071	-	-	7,688,666
- Revaluation	-	-	-	-	-

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

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>13. INTANGIBLE ASSETS</b>		
At cost less accumulated depreciation	<u>1,013,637</u>	<u>40,924</u>
The movement in intangible assets are reconciled as follows:		
<b>Carrying values at the beginning of the year</b>	<b>40,924</b>	-
Cost	51,154	-
Accumulated Amortisation	(10,230)	-
Accumulated Impairment	-	-
Acquisitions	-	-
Disposals	-	-
Work in progress	982,944	-
Depreciation	(10,231)	-
Impairment Losses	-	-
<b>Carrying value at the end of the year</b>	<b>1,013,637</b>	<b>40,924</b>
Cost	1,034,098	-
Accumulated Amortisation	(20,461)	-
Accumulated Impairment	-	-
Correction of error (note 34)		
Cost	-	51,154
Accumulated Amortisation	-	(10,230)
No restrictions apply to the intangible assets.		
<b>14. INVESTMENT PROPERTY</b>		
At cost less accumulated depreciation	<u>25,110,659</u>	<u>26,678,005</u>
The movement in investment properties are reconciled as follows:		
<b>Carrying value at the beginning of the year</b>	<b>26,678,005</b>	-
Cost	32,615,600	-
Accumulated depreciation	(5,937,595)	-
Accumulated Impairment Losses	-	-
Additions to existing investment properties	1,946,750	-
Disposals	-	-
Depreciation	50,850	-
Impairment losses	-	-
Transfers	(3,463,246)	-
<b>Carrying value at the end of the year</b>	<b>25,110,659</b>	<b>26,678,005</b>
Cost	31,099,104	-
Accumulated depreciation	(5,988,445)	-
Accumulated Impairment Losses	-	-
Correction of error (note 34)		
Cost	-	32,615,600
Accumulated Amortisation	-	(5,937,595)
<b>The following is included in the net surplus/(deficit)</b>		
Rental revenue earned from Investment Properties	173,060	-
Direct Operating expenses - incurred to generate rental revenue	864,227	-
Direct Operating expenses - incurred which did not generate rental revenue	33,289	-
There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations.		
<b>Fair Value of investment properties.</b>	-	-
The fair value of investment properties is based on the valuation performed by an professional valuer ( this has been exempted )		

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>15. INVESTMENTS</b>		
<b>Financial Instruments</b>		
Fixed Deposits	-	-
<b>Total Cash Investments</b>	-	-
<b>Total Investments</b>	-	-
<b>16. LONG-TERM RECEIVABLES</b>		
Loans to Sport Clubs	25,643	39,485
Loans to Public Organisations	600,685	654,515
Car loans	281,336	527,142
Housing selling scheme loans	2,032,602	2,686,546
	<b>2,940,266</b>	<b>3,907,688</b>
<b>Less : Current portion transferred to current receivables</b>	<b>508,107</b>	<b>577,021</b>
Loans to Sport Clubs	13,679	13,842
Loans to Public Organisations	36,265	45,251
Car loans	107,157	150,122
Housing selling scheme loans	351,006	367,806
<b>Total</b>	<b>2,432,159</b>	<b>3,330,667</b>

***LOANS TO SPORT CLUBS***

Loans were granted to enable sport clubs to finance specific improvements, relevant to their activities, on land rent from the Municipality. In accordance with conditions attached to such loans the improvements thus erected revert to the Municipality at the expiration of the term of the lease. Loans are repaid over periods varying from ten to twenty years and at interest rates varying from eight to ten percent per annum.

***LOANS TO PUBLIC ORGANISATIONS***

Under the previous dispensation loans raised at an interest rate of one percent per annum repayable over a period of forty years, were granted by the State to the Municipality who in turn, made the said loans available to Public Organisations for the purpose of providing housing to indigent old age persons. The Municipality merely acted as an intermediary between the State and such Organisations. The outstanding balances of these loans were subsequently written off by the State whilst the annual instalment, still recoverable from the various Organisations, are credited to the Housing Fund. Loans are repaid over periods of thirty years and at interest rates varying from one to eleven point two five percent per annum. (See note 1)

***CAR LOANS***

Prior to the coming into effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a motor vehicle. The vehicle must be made available daily by the staff member for his use in the carrying out of his official duties. The repayment period of these loans and the applicable interest rate is a maximum of six years and eight percent per annum, respectively.

***HOUSING SELLING SCHEME LOANS***

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rent from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of thirteen point five percent per annum. The instalments of interest and redemption recoverable from the purchasers are credited to the Housing Fund. (See note 1)

Management of the municipality is of the opinion that the carrying value of Long- Term Receivables recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipalities debtors.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>17. INVENTORY</b>		
Consumable stores - at cost	1,515,036	1,264,473
Stationery - at cost	557,468	291,093
Water - at cost	86,339	70,815
Unsold properties held for resale	4,134,915	2,129,265
<b>Total Inventory</b>	<b>6,293,758</b>	<b>3,755,646</b>

**18. CONSUMER DEBTORS****As at 30 June 2007**

	Gross Balances	Provision for Bad Debts	Net Balances
Service debtors	<b>19,677,633</b>	<b>2,705,736</b>	<b>16,971,897</b>
Rates	5,061,412	903,985	4,157,427
Electricity	7,620,094	756,755	6,863,339
Water	2,934,749	428,991	2,505,758
Sewerage	2,419,970	341,550	2,078,420
Refuse Removal	1,641,408	274,455	1,366,953
Housing rentals	224,354	124,490	99,864
<b>Total</b>	<b>19,901,987</b>	<b>2,830,226</b>	<b>17,071,761</b>

**As at 30 June 2006**

Service debtors	<b>16,690,765</b>	<b>3,472,534</b>	<b>13,218,231</b>
Rates	5,115,450	1,096,817	4,018,633
Electricity	4,603,689	255,524	4,348,165
Water	2,164,266	443,750	1,720,516
Sewerage	2,690,898	1,019,745	1,671,153
Refuse Removal	2,116,462	656,698	1,459,764
Housing rentals	384,238	229,874	154,364
<b>Total</b>	<b>17,075,003</b>	<b>3,702,408</b>	<b>13,372,595</b>

	2007 R	2006 R
<b><u>Rates: Ageing</u></b>		
Current ( 0 - 30 days )	2,433,703	2,130,386
31 - 60 Days	604,127	498,170
61 - 90 Days	181,115	335,298
91 - 120 Days	133,198	322,441
121 - 150 Days	90,418	101,876
151 - 180 Days	115,149	70,877
181 - 365 Days	811,113	1,210,422
366 Days - 2 Years	576,073	140,252
2 - 3 Years	60,131	142,051
+ 3 Years	56,385	163,677
<b>Total</b>	<b>5,061,412</b>	<b>5,115,450</b>

**(Electricity, Water, Sewerage and Refuse Removal): Ageing**

Current ( 0 - 30 days )	9,986,464	5,791,104
31 - 60 Days	1,370,012	1,329,660
61 - 90 Days	346,708	883,072
91 - 120 Days	236,798	321,434
121 - 150 Days	209,216	363,875
151 - 180 Days	247,039	185,766
181 - 365 Days	1,167,794	907,918
366 Days - 2 Years	469,022	849,658
2 - 3 Years	270,671	432,977
+ 3 Years	312,497	509,851
<b>Total</b>	<b>14,616,221</b>	<b>11,575,315</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007****18. CONSUMER DEBTORS (continued)**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b><u>Housing rentals: Ageing</u></b>		
Current ( 0 - 30 days )	55,891	61,672
31 - 60 Days	21,870	30,486
61 - 90 Days	4,673	7,046
91 - 120 Days	4,285	5,813
121 - 150 Days	4,081	5,212
151 - 180 Days	3,281	28,200
181 - 365 Days	26,720	61,113
366 Days - 2 Years	22,221	65,234
2 - 3 Years	23,600	45,810
+ 3 Years	57,732	73,652
<b>Total</b>	<b><u>224,354</u></b>	<b><u>384,238</u></b>

**Summary of Debtors by Customer Classification**

	<b><u>Consumers</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>30<sup>th</sup> June 2007</b>			
Current ( 0 - 30 days )	7,708,738	4,135,438	631,881
31 - 60 Days	1,522,542	424,185	49,282
61 - 90 Days	423,109	75,795	33,592
91 - 120 Days	286,900	53,045	34,336
121 - 150 Days	227,891	47,871	27,953
151 - 180 Days	286,411	50,363	28,696
181 - 365 Days	1,473,137	436,366	96,125
366 Days - 2 Years	533,120	497,138	37,058
2 - 3 Years	329,437	17,120	7,844
+ 3 Years	356,207	54,644	15,763
<b>Sub-total</b>	<b><u>13,147,492</u></b>	<b><u>5,791,965</u></b>	<b><u>962,530</u></b>
Less: Provision for bad debts	(2,346,165)	(382,061)	(102,000)
<b>Total debtors by customer classification</b>	<b><u>10,801,327</u></b>	<b><u>5,409,904</u></b>	<b><u>860,530</u></b>

**Summary of Debtors by Customer Classification**

	<b><u>Consumers</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>30<sup>th</sup> June 2006</b>			
Current ( 0 - 30 days )	-	-	-
31 - 60 Days	-	-	-
61 - 90 Days	-	-	-
91 - 120 Days	-	-	-
121 - 150 Days	-	-	-
151 - 180 Days	-	-	-
181 - 365 Days	-	-	-
366 Days - 2 Years	-	-	-
2 - 3 Years	-	-	-
+ 3 Years	-	-	-
<b>Sub-total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Less: Provision for bad debts	-	-	-
<b>Total debtors by customer classification</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The average credit period for consumer debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the consumer debtors.

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

The fair value of Consumer Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer debtors as well as the current payment ratio's of the municipalities consumer debtors.

Comparative amounts for the previous year not available.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>19. OTHER DEBTORS</b>		
Payments made in advance	312,381	4,779
Unauthorized expenditure (see Note 39.1)	-	-
Fruitless and wasteful expenditure (see Note 39.2)	-	-
Insurance claims	10,881	74,228
Government grants and subsidies	-	823,398
Other conditional grants	-	1,273,000
Provincial health subsidies	1,378,542	942,028
Proclaimed roads subsidies	-	-
Sundry debtors	4,073,853	4,739,047
Less : Provision for bad debts	(504,109)	(805,610)
<b>Total Other Debtors</b>	<b><u>5,271,548</u></b>	<b><u>7,050,870</u></b>
<b><u>Reconciliation of the bad debt provision</u></b>		
Balance at beginning of the year	4,508,018	2,710,640
Contributions to provision	2,979,509	3,286,962
Bad debts written off against provision	(4,153,192)	(1,489,584)
Reversal of provision	-	-
<b>Balance at end of year</b>	<b><u>3,334,335</u></b>	<b><u>4,508,018</u></b>
The provision for bad debts were calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.		
The claims instituted against the municipalities insurance company is supported by valid insurance claims that is claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.		
The average credit period for government grants and subsidies is dependant on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.		
The average credit period for other debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the other debtors.		
Management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.		
The fair value of Other Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and National/Provincial Departments as well as other sundry debtors. The payment ratio's of other debtors were also taken into account for fair value determination.		
<b>20. VAT</b>		
VAT receivable	<u>1,749,201</u>	<u>-</u>
<b>21. CALL INVESTMENT DEPOSITS</b>		
Other Deposits	<u>-</u>	<u>-</u>
<b>22. BANK, CASH AND OVERDRAFT BALANCES</b>		
The Municipality has the following bank accounts: -		
<b><u>Current Account (Primary Bank Account) (OTM account)</u></b>		
ABSA Bank Limited - Public Sector		
Account Number 40 5369 2381		
<b>Bank statement balance at beginning of year</b>	<u>2,185,681</u>	<u>7,114,926</u>
<b>Bank statement balance at end of year</b>	<u>2,562,466</u>	<u>2,185,681</u>
<b><u>Current Account</u></b>		
ABSA Bank Limited - Public Sector		
Account Number 40 5369 1741		
<b>Bank statement balance at beginning of year</b>	<u>8,349,680</u>	<u>5,029,777</u>
<b>Bank statement balance at end of year</b>	<u>1,126,855</u>	<u>8,349,680</u>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>22. BANK, CASH AND OVERDRAFT BALANCES (continued)</b>		
<b><u>Current Account (ACB account)</u></b>		
ABSA Bank Limited - Public Sector Account Number 40 5369 2399		
<b>Bank statement balance at beginning of year</b>	<b>1,036,264</b>	<b>811,908</b>
<b>Bank statement balance at end of year</b>	<b>441,478</b>	<b>1,036,264</b>
<b><u>Current Account (Cash account)</u></b>		
ABSA Bank Limited - Public Sector Account Number 40 5369 2466		
<b>Bank statement balance at beginning of year</b>	<b>74,665</b>	<b>74,901</b>
<b>Bank statement balance at end of year</b>	<b>74,574</b>	<b>74,665</b>
<b><u>Summary</u></b>		
<b>Cash book balance at beginning of year</b>	<b>16,298,073</b>	<b>12,407,526</b>
<b>Cash book balance at end of year</b>	<b>6,458,911</b>	<b>16,298,073</b>
<b>Bank statement balance at beginning of year</b>	<b>11,646,290</b>	<b>13,031,512</b>
<b>Bank statement balance at end of year</b>	<b>4,205,373</b>	<b>11,646,290</b>
Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 11.60 % to 15.60 % per annum.		
Interest on overdrawn current accounts are charged at prime plus one per annum and earn interest at different rates per annum on favourable balances		
Management of the municipality is of the opinion that the carrying value of Bank Balance and Cashes recorded at amortised cost in the financial statements approximate their fair values.		
The fair value of Bank Balance and Cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.		
<b>23. PROPERTY RATES</b>		
<b><u>Actual</u></b>		
Residential, Commercial, Industrial, Rural and Other	35,232,871	31,285,306
State	1,747,745	1,298,196
Municipal	1,498,477	1,371,654
<b>Total Assessment Rates</b>	<b>38,479,093</b>	<b>33,955,156</b>
<b><u>Valuations</u></b>		
	<b>July 2007</b>	<b>July 2006</b>
<b><u>Actual</u></b>		
Residential, Commercial, Industrial, Rural and Other	4,067,038,860	3,925,564,110
State	145,645,400	144,888,400
Municipal	124,886,200	122,469,100
<b>Total Assessment Rates</b>	<b>4,337,570,460</b>	<b>4,192,921,610</b>
<b>24. SERVICE CHARGES</b>		
Sale of electricity	60,703,849	53,471,840
Sale of water	18,045,278	15,665,153
Refuse removal	9,413,263	8,328,313
Sewerage and sanitation charges	12,274,781	11,069,906
<b>Total Service Charges</b>	<b>100,437,171</b>	<b>88,535,212</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>25. GOVERNMENT GRANTS AND SUBSIDIES</b>		
Abbotsdale Housing Project	-	907
Borehole: Kalbaskraal	120,000	-
Borehole: Rosenhof	14,569	145,431
Cleanest Town	36,529	-
Cleaning Projects Swartland	99,910	97,072
Community Development: Workers	-	-
Darling Pedestrian Route	-	538,018
Darling Sewerage Phase II	1,483,179	5,316,673
Drought Relief	-	-
Electricity Riebeek Kasteel/Kalbaskraal	1,191,364	-
Equitable Share	6,422,931	5,857,484
Financial Management Grant	404,907	719,558
Housing: Riebeek Kasteel	6,539,761	5,872,430
Ilinge Lethu Advisory Centre	171,442	-
Ilinge Lethu Multipurpose Centre	172,654	-
Ilinge Lethu Housing Project	-	409
Imbizo	40,000	-
Irrigation: Sewerage Water Cricket Field	-	-
Kalbaskraal Housing Project	-	55,087
Kalbaskraal Housing Project (2)	1,567,438	1,275,640
Klippiesdal housing Project	65,163	-
Koringberg Sport Development	30,362	1,611
Koringberg Taxi Rank	99,711	200,289
Local Government Transition Fund	101,365	220,367
Malmesbury Saamstaan Housing Project	-	-
Masibambani: Services	439,981	-
Masterplanning: Sewerage and Stormwater	63,000	-
Municipal Infrastructure Grant	3,371,913	4,358,153
Goedverwacht Sportgrounds	-	-
Regional Development	181,849	-
Riebeek Kasteel Extension 3 Housing Project	-	-
Riebeek Kasteel: Non Motorised Transport	442,786	550,000
Riebeek Wes Koinonia Housing Project	4,627	25,452
Riverlands/Chatsworth Sport	-	-
Sibanye Township	348,000	-
Soup Kitchen	47,228	43,349
Spatial Development Framework	-	-
Sport: Kalbaskraal	7,163	61,360
Swartland Youth Art School	31,038	112,562
Tourism	45,000	-
Upgrading: Polla Park	-	662,111
Vegetable Garden	3,000	-
Library	-	77,329
Darling Housing Project	-	251,160
Upgrading: Taxi Terminal	-	95,261
Travelling Cost	-	5,000
Ilinge Lethu Centre	-	251,947
Provincial Health Subsidies	4,550,970	4,641,140
Proclaimed Roads Subsidies	578,000	545,391
<b>Total Government Grant and Subsidies</b>	<b>28,675,840</b>	<b>31,981,191</b>
<b>25.1 Abbotsdale Housing Project</b>		
Balance unspent at beginning of year	114,108	115,015
Current year receipts	-	-
Conditions met - transferred to revenue	-	(907)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>114,108</b>	<b>114,108</b>

The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>25.2 Borehole Kalbaskraal</b>		
Balance unspent at beginning of year	120,000	120,000
Current year receipts	-	-
Conditions met - transferred to revenue	(120,000)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>120,000</b>
Finance made available to sink boreholes for the purpose of irrigation of sport fields thereby relieving the demand on the Municipality's potable water resources.		
<b>25.3 Borehole Rosenhof</b>		
Balance unspent at beginning of year	14,569	160,000
Current year receipts	-	-
Conditions met - transferred to revenue	(14,569)	(145,431)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>14,569</b>
Finance made available to sink boreholes for the purpose of irrigation of sport fields thereby relieving the demand on the Municipality's potable water resources.		
<b>25.4 Cleanest Town</b>		
Balance unspent at beginning of year	-	-
Current year receipts	120,000	-
Conditions met - transferred to revenue	(36,529)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>83,471</b>	<b>-</b>
Prize money for winning the cleanest town competition.		
<b>25.5 Cleaning Projects Swartland</b>		
Balance unspent at beginning of year	99,910	146,982
Current year receipts	-	50,000
Conditions met - transferred to revenue	(99,910)	(97,072)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>99,910</b>
Funds provided to enable the Municipality to appoint contractors to undertake cleaning up operations in the various urban areas under its jurisdiction.		
<b>25.6 Community Development: Workers</b>		
Balance unspent at beginning of year	-	-
Current year receipts	24,280	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>24,280</b>	<b>-</b>
Funds made available for sundry expenditure and stationary for workers, in the control of the Municipality but paid by PAWC.		
<b>25.7 Darling Pedestrian Route</b>		
Balance unspent at beginning of year	61,982	-
Current year receipts	-	600,000
Conditions met - transferred to revenue	-	(538,018)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>61,982</b>	<b>61,982</b>
Funds provided and partly expended on the construction of a pedestrian walk way in Darling East.		
<b>25.8 Darling Sewerage Phase II</b>		
Balance unspent at beginning of year	-	58,528
Current year receipts	1,483,179	4,654,794
Conditions met - transferred to revenue	(1,483,179)	(5,316,673)
Conditions met - included in debtors (see note 19)	-	603,351
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>-</b>
Funds allocated for and spent on the extension and upgrading of the sewerage scheme at Darling town.		

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>25.8 Darling Sewerage Phase II</b>		
Balance unspent at beginning of year	-	58,528
Current year receipts	1,483,179	4,654,794
Conditions met - transferred to revenue	(1,483,179)	(5,316,673)
Conditions met - included in debtors (see note 19)	-	603,351
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>-</b>

Funds allocated for and spent on the extension and upgrading of the sewerage scheme at Darling town.

**25.9 Drought Relief**

Balance unspent at beginning of year	2,500,000	-
Current year receipts	-	2,500,000
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>2,500,000</b>	<b>2,500,000</b>

Funds made available to solve water supply problems experienced by the Municipality as a result of drought conditions and to improve the prevailing water supply emergencies within its jurisdictional area.

**25.10 Electricity Riebeek Kasteel/Kalbaskraal**

Balance unspent at beginning of year	-	-
Current year receipts	1,627,339	-
Conditions met - transferred to revenue	(1,191,364)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>435,975</b>	<b>-</b>

Funds allocated for and spent on the extension and upgrading of the electrical scheme at Riebeek Kasteel and Kalbaskraal towns.

**25.11 Equitable Share**

Balance unspent at beginning of year	1,738,655	287,884
Current year receipts	9,351,983	7,308,255
Conditions met - transferred to revenue	(6,422,931)	(5,857,484)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>4,667,707</b>	<b>1,738,655</b>

Funds allocated to enable the Municipality to provide financial assistance to registered indigent households occupying premises within its area of jurisdiction, towards the settlement or partial settlement of charges for basic municipal services and property rates.

**25.12 Financial Management Grant**

Balance unspent at beginning of year	416,833	636,391
Current year receipts	500,000	500,000
Conditions met - transferred to revenue	(404,907)	(719,558)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>511,926</b>	<b>416,833</b>

The purpose of the grant is to enable the Municipality to modernise and improve its financial management entailing, among others, capacity building, the implementation of municipal finance management legislation and regulating policies and compliance with generally accepted municipal accounting practices.

**25.13 Housing Riebeek Kasteel**

Balance unspent at beginning of year	264,690	467,357
Current year receipts	6,540,408	5,669,763
Conditions met - transferred to revenue	(6,539,761)	(5,872,430)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>265,337</b>	<b>264,690</b>

The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>25.14 Ilinge Lethu Advisory Centre</b>		
Balance unspent at beginning of year	-	-
Current year receipts	270,000	-
Conditions met - transferred to revenue	(171,442)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>98,558</b>	<b>-</b>

Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate facility serving the township into a suitable community centre.

<b>25.15 Ilinge Lethu Multipurpose Centre</b>		
Balance unspent at beginning of year	308,750	-
Current year receipts	25,019	308,750
Conditions met - transferred to revenue	(172,654)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>161,115</b>	<b>308,750</b>

Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate facility serving the township into a suitable community centre.

<b>25.16 Ilinge Lethu Housing Project</b>		
Balance unspent at beginning of year	18,254	18,663
Current year receipts	-	-
Conditions met - transferred to revenue	-	(409)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>18,254</b>	<b>18,254</b>

The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.

<b>25.17 Imbizo</b>		
Balance unspent at beginning of year	-	-
Current year receipts	40,000	-
Conditions met - transferred to revenue	(40,000)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>-</b>

Financial aid amounting to R 40 000 was received from PAWC to finance the cost incurred by the Municipality in connection with the National Imbizo week held at Malmesbury in October 2006 by the said Government

<b>25.18 Irrigation Sewerage Water Cricket Field</b>		
Balance unspent at beginning of year	120,000	120,000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>120,000</b>	<b>120,000</b>

Funds provided for the installation of pipe-lines and accessories in order to allow for the watering of the Malmesbury Cricket field with purified sewerage water, thereby relieving the demand on the municipality's available potable water resources.

<b>25.19 Kalbaskraal Housing Project</b>		
Balance unspent at beginning of year	75,458	130,545
Current year receipts	-	-
Conditions met - transferred to revenue	-	(55,087)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>75,458</b>	<b>75,458</b>

The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.

	2007 R	2006 R
<b>25.20 Kalbaskraal Housing Project (2)</b>		
Balance unspent at beginning of year	266,082	-
Current year receipts	1,347,176	1,541,722
Conditions met - transferred to revenue	(1,567,438)	(1,275,640)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>45,820</b>	<b>266,082</b>
<b>25.21 Klippiesdal Housing Project</b>		
Balance unspent at beginning of year	-	-
Current year receipts	65,163	-
Conditions met - transferred to revenue	(65,163)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>-</b>
<b>25.22 Koringberg Sport Development</b>		
Balance unspent at beginning of year	30,362	31,973
Current year receipts	-	-
Conditions met - transferred to revenue	(30,362)	(1,611)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>30,362</b>
<b>Funds provided for the year 2007/08 (see note 8)</b>	<b>44,282,422</b>	<b>44,282,422</b>
Balance unspent at beginning of year	464,888	-10,200
Current year receipts	-	300,000
Conditions met - transferred to revenue	(99,711)	(200,289)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>-</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>25.26 Masibambani</b>		
Balance unspent at beginning of year	-	-
Current year receipts	525,000	-
Conditions met - transferred to revenue	(439,981)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>85,019</b>	<b>-</b>
Funds provided for the compiling of masterplans.		
<b>25.27 Masterplanning: Sewerage and Stormwater</b>		
Balance unspent at beginning of year	-	-
Current year receipts	63,000	-
Conditions met - transferred to revenue	(63,000)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>-</b>
Funds provided for the compiling of masterplans.		
<b>25.28 Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	3,555,646	4,358,153
Conditions met - transferred to revenue	(3,371,913)	(4,358,153)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>183,733</b>	<b>-</b>
Funds made available to the Municipality for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection/construction of new amenities required for service delivery.		
<b>25.29 Goedgedacht Sportgrounds</b>		
Balance unspent at beginning of year	-	-
Current year receipts	500,000	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>500,000</b>	<b>-</b>
Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate sport facilities.		
<b>25.30 Regional Development</b>		
Balance unspent at beginning of year	181,849	181,849
Current year receipts	-	-
Conditions met - transferred to revenue	(181,849)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>181,849</b>
<b>25.31 Riebeek Kasteel Extension 3 Housing Project</b>		
Balance unspent at beginning of year	95,194	95,194
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>95,194</b>	<b>95,194</b>
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
<b>25.32 Riebeek Kasteel: Non Motorised Transport</b>		
Balance unspent at beginning of year	-	-
Current year receipts	500,000	550,000
Conditions met - transferred to revenue	(442,786)	(550,000)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>57,214</b>	<b>-</b>
Funds appropriated for and utilized on the construction of pavements and pedestrian walk ways in Riebeek Kasteel town.		

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>25.33 Riebeeck Wes Koinonia Housing Project</b>		
Balance unspent at beginning of year	178,268	203,720
Current year receipts	-	-
Conditions met - transferred to revenue	(4,627)	(25,452)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>173,641</b>	<b>178,268</b>

The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.

<b>25.34 Riverlands/Chatsworth Sport</b>		
Balance unspent at beginning of year	250,000	250,000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>250,000</b>	<b>250,000</b>

Approval had been obtained from the relevant authority to utilize the funds allocated for the establishment of sport facilities at Riverlands and Chatsworth for the financing of the same kind of facilities at Kalbaskraal, as no land could be made available for the said purpose at the forenamed towns.

<b>25.35 Sibanye Township</b>		
Balance unspent at beginning of year	348,000	348,000
Current year receipts	-	-
Conditions met - transferred to revenue	(348,000)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>348,000</b>

Funds allocated to the Municipality to prepare building plots and install services in an area earmarked for the re-settlement of squatters.

<b>25.36 Soup Kitchen</b>		
Balance unspent at beginning of year	55,106	18,455
Current year receipts	-	80,000
Conditions met - transferred to revenue	(47,228)	(43,349)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>7,878</b>	<b>55,106</b>

The available allocated funds was, accept for an unspent balance at year end, spent on the purchase of food stuff/ingredients in order to provide meals to poor inhabitants of the municipal area.

<b>25.37 Spatial Development Framework</b>		
Balance unspent at beginning of year	110,000	-
Current year receipts	100,000	110,000
Conditions met - transferred to revenue	-	-
Transferred from Local Government Transition Fund	87,057	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>297,057</b>	<b>110,000</b>

Financial aid provided to support the Municipality with the process of the drafting of spatial development framework and other town planning initiatives.

<b>25.38 Sport: Kalbaskraal</b>		
Balance unspent at beginning of year	7,163	68,523
Current year receipts	-	-
Conditions met - transferred to revenue	(7,163)	(61,360)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<b>-</b>	<b>7,163</b>

Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate sport facilities.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>25.39 Swartland Youth Art School</b>		
Balance unspent at beginning of year	31,038	143,600
Current year receipts	-	-
Conditions met - transferred to revenue	(31,038)	(112,562)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>31,038</u>

The grant was made for the development of artistic talent of the youth of the municipal area and encouragement of artistic participation from surrounding areas.

**25.40 Tourism**

Balance unspent at beginning of year	45,000	45,000
Current year receipts	-	-
Conditions met - transferred to revenue	(45,000)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>45,000</u>

Financial aid received from the WCDM for the promotion of tourism in the municipal area.

**25.41 Upgrading: Polla Park Township**

Balance unspent at beginning of year	235,889	328,000
Current year receipts	-	570,000
Conditions met - transferred to revenue	-	(662,111)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>235,889</u>	<u>235,889</u>

Funds allocated and expended in connection with the installation of services and the construction of sanitary conveniences.

**25.42 Vegetable Garden**

Balance unspent at beginning of year	3,000	-
Current year receipts	-	3,000
Conditions met - transferred to revenue	(3,000)	-
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>3,000</u>

Monies made available to finance the cost of a water supply connection at land used for the growing of vegetables by indigents as part of a community development program.

**25.43 Floodlights Darling Sportgrounds**

Balance unspent at beginning of year	-	49,389
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Transferred to MIG grant	-	(49,389)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>-</u>

Funds provided and utilized for the erection of sport fields at the Gabriel Pharo Sport fields.

**25.44 Library**

Balance unspent at beginning of year	-	126,409
Current year receipts	-	-
Conditions met - transferred to revenue	-	(77,329)
Conditions not met - consequently refunded	-	(49,080)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>-</u>

The grant received from the Western Cape Provincial Administration for the erection of library facilities was, together with interest earned on the temporary investment of available monies, utilized for the said purpose except for an unspent balance of R 49 080 upon completion of the project, which was refunded to the Administration.

**25.45 Darling Housing Project**

Balance unspent at beginning of year	-	-
Current year receipts	-	251,160
Conditions met - transferred to revenue	-	(251,160)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>-</u>

The unappropriated funds at 30 June 2005 was largely spent during the financial year in connection with the purpose of the allocation.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	R	R
<b>25.46 Upgrading: Taxi Terminal</b>		
Balance unspent at beginning of year	-	95,261
Current year receipts	-	-
Conditions met - transferred to revenue	-	(95,261)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>-</u>
Funds allocated for and spent on the improvement of facilities at the Malmesbury Taxi terminal.		
<b>25.47 Travelling Cost</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	5,000
Conditions met - transferred to revenue	-	(5,000)
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>-</u>
Funds received from die WCDM to assist with the financing of the compensation paid to community leaders for engaging in the public participation process lodged in connection with the Municipality's Integrated Development Program.		
<b>25.48 Ilinge Lethu Centre</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	31,900
Conditions met - transferred to revenue	-	(251,947)
Conditions met - included in debtors (see note 19)	-	220,047
<b>Conditions still to be met transferred to liabilities (see note 8)</b>	<u>-</u>	<u>-</u>
Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate facility serving the township into a suitable community centre.		
<b>25.49 Provincial Health Subsidies</b>		
Balance unspent at beginning of year	(942,028)	(866,634)
Current year receipts	4,114,456	4,565,746
Conditions met - transferred to revenue	(4,550,970)	(4,641,140)
<b>Conditions met transferred to debtors (see note 19)</b>	<u>(1,378,542)</u>	<u>(942,028)</u>
Operational costs incurred by the Municipality in connection with the operating of the Infections Diseases Hospital at Malmesbury, as well as the various clinics, situated in the municipal area, which costs are fully recoverable from the PAWC.		
<b>25.50 Proclaimed Roads Subsidies</b>		
Balance unspent at beginning of year		(28,307)
Current year receipts	578,000	573,698
Conditions met - transferred to revenue	(578,000)	(545,391)
<b>Conditions met transferred to debtors (see note 19)</b>	<u>(2,757,084)</u>	<u>-</u>
Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs is partly recoverable from the Administration.		
<b>25.51 Changes in levels of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years with the exception of Provincial Health Subsidies which is currently being phased out as the Provincial Government will render this service in future.		
<b>26. OTHER INCOME</b>		
Included in other income is the following:-		
Administration Costs	34,597	45,108
Admission Fees Swimming Pools	104,799	74,232
Advertising Signs	3,563	3,040
Amps increase/decrease	1,368	900
Application: Service Connections	137,012	236,867
Blockages: Sewerage	7,158	15,114
Building/Town Plans	1,477	3,260
Capital Contribution: Actual	26,761	28,242
Capital Contribution: Fixed	720,732	129,152

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
Cemetery Fees	312,935	287,150
Clearance Certificates	78,121	54,072
Commission: Eskom	-	100
Consent use	12,484	3,698
Contribution: Parking Areas	72,570	10,800
Copy of Plans	3,690	2,330
Day Visitors: Yzerfontein Caravan Park	14,688	22,855
Designation of Graves	1,650	4,480
Deviation of Building Regulations	54,567	46,530
Discount Fuel	30,142	27,059
Disinfecting and Fumigation	792	4,924
Duplicate Accounts	1,385	394
Efficiency Development	204,105	211,882
Electricity Telephone Booths: Telkom	110	18
Encroachments fees	1,458	973
Endowment Fees	-	36,075
Entrance Fees Harbour	170,910	346,825
Entrance Fish Market	57,890	22,030
Escorts Heavy Vehicles	10,000	16,500
Excess Payments: Insurance	26,807	-
Filling of Swimming Pools	-	900
Fire Services	12	12
Housing Scheme/Private Organisations Loan Instalments	641,963	756,718
Impounding Fees	2,340	7,980
Industrial Sewerage	233,819	188,156
Interest: Private Loans	-	313,209
Insurance Recovered: Darling Club	-	-
Lost/Damaged Books	17,345	23,919
Maintenance Housing Scheme Houses	38,951	38,951
Mementoes	26	36
New Connections	1,449,076	1,124,152
Photostats	72,216	75,504
Postage Recovered	15,822	-
Plan fees: Buildings	990,124	992,286
Plan Fees: Unauthorized Buildings	32,360	66,204
Private Work	46,874	31,629
Refreshments: Offices	400	-
Refuse Bins	24,750	12,817
Refuse Coupons	181,107	133,992
Removal of Restrictions	1,300	2,565
Rent- Hawkers	-	9,240
Rezoning	31,420	19,250
Sale of Plants	4,978	5,000
Selling: Bulk Water	2,854	-
Selling: Purified Sewerage Water	104,926	84,622
SMS Transactions Fees	8	-
Storage fees	190	898
Street Entrances and Pavements	60,681	62,096
Sub Divisions	34,195	52,236
Sundries	72,730	52,507
Supplying of Information	881	614
Surplus Cash	4,017	1,987
Tampering Fees	66,000	33,000
Telephone Costs Recovered	138,832	-
Testing of Electricity Meters	-	285
Testing of Water Meter	895	1,123
Valuation Certificates	62,300	42,257
Water Sell on Request	-	4,581
Yzerfontein Caravan Park: Washing Machines and Tumble Dryers Fees	6,389	5,411
Yzerfontein Caravan Park: Camping Fees	-	895,315
Yzerfontein Caravan Park: Chalets	-	188,292
Yzerfontein Caravan Park: Rent Lapa	-	684
Yzerfontein Caravan Park: Tents	-	247
Zoning Certificates	4,004	2,250
<b>Total Other Income</b>	<b>6,435,556</b>	<b>6,865,535</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>27. EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	37,461,523	32,384,526
Employee related costs - Contributions for UIF, pensions and medical aids	9,640,321	8,518,620
Travel, motor car, accommodation, subsistence and other allowances	4,108,011	4,468,121
Housing benefits and allowances	401,012	353,505
Overtime payments	2,509,520	1,990,013
Performance bonus	-	-
Bonuses: 13th Cheque	2,991,288	2,558,949
Long-service awards	-	99,410
Contribution to Leave Gratuity	886,148	1,207,554
Contribution to provision for post- retirement medical aid benefits	2,000,143	17,238,790
Contribution to long-service provision	845,888	2,385,606
Less: Employee costs capitalised to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	-	-
Less: Employee related costs (Discontinued Operations)	(4,564,135)	(3,928,964)
<b>Total Employee Related Costs</b>	<b>56,279,719</b>	<b>67,276,130</b>

No advances were made to employees. Loans to employees are set out in note 16.

The comparative figures for Employee Related Benefits have been restated to correct an error contained in the 2005/2006 Annual Financial Statements. Refer to note 34.4 on Correction of Errors for details of the restatement.

Included in Employee Related Costs is an amount of R 5 857 894 (2005/06: R 4 846 960) paid by the municipality to defined contribution plans at rates specified by the rules of the plans.

**Remuneration of the Municipal Manager**

Annual Remuneration	528,970	235,567
Car Allowance	98,398	105,942
13 th Cheque	55,635	33,251
Long-service award	21,902	-
Acting Allowance	7,445	73,693
Other	8,034	2,916
Contributions to UIF, Medical and Pension Funds	125,638	67,541
<b>Total</b>	<b>846,022</b>	<b>518,910</b>

**Remuneration of the Chief Finance Officer**

Annual Remuneration	346,400	245,044
Car Allowance	109,157	130,262
13 th Cheque	43,409	35,808
Long-service award	7,871	-
Leave Pay	-	29,369
Other	5,273	3,032
Contributions to UIF, Medical and Pension Funds	93,778	76,242
<b>Total</b>	<b>605,888</b>	<b>519,757</b>

**Remuneration of Individual Executive Directors****30 June 2007**

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Community Services	Protection Services
Annual Remuneration	309,392	321,450	308,700	308,879	317,050
Car Allowance	80,825	86,571	116,138	81,027	107,920
Long-service award	-	37,288	-	-	-
13 th Cheque	28,280	40,308	40,308	36,949	40,308
Leave Pay	-	64,996	16,348	32,451	16,283
Acting Allowance	87,484	-	-	15,601	-
Other	15,409	4,896	4,704	5,126	4,830
Contributions to UIF, Medical and Pension Funds	92,277	78,838	91,063	82,359	83,181
<b>Total</b>	<b>613,667</b>	<b>634,347</b>	<b>577,261</b>	<b>562,392</b>	<b>569,572</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007****27. EMPLOYEE RELATED COSTS (continued)***Remuneration of Individual Executive Directors (continued)*

30 June 2006

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Community Services	Protection Services
Annual Remuneration	235,566	236,662	239,591	129,490	222,730
Performance Bonuses	-	-	-	-	-
13 th Cheque	33,251	33,251	33,251	10,791	33,251
Leave Pay	-	-	13,499	-	-
Other	-	-	-	106,078	-
Contributions to UIF, Medical and Pension Funds	2,916	2,929	2,965	6,759	2,759
	71,182	63,234	75,916	42,121	66,838
<b>Total</b>	<b>342,915</b>	<b>336,076</b>	<b>365,222</b>	<b>295,239</b>	<b>325,578</b>

**2007**  
**R**                      **2006**  
**R**

**28. REMUNERATION OF COUNCILLORS**

Executive Mayor	272,917	179,436
Deputy Executive Mayor	216,216	143,546
Speaker	220,337	143,546
Mayoral Committee Members	606,123	311,468
Councillors	1,040,323	567,336
Councillor's - pension contribution	353,002	201,800
Councillor's - medical aid contribution	241,103	62,590
Councillor's - travelling allowances	982,671	336,295
Councillor's - telephone allowances	200,412	80,304
Councillor's - facility allowances	-	46,722
Councillor's - housing subsidy	-	203,256
<b>Total Councillors - Remuneration</b>	<b>4,133,104</b>	<b>2,276,299</b>

**In-kind Benefits**

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.

**29. INTEREST PAID**

Long-term liabilities	3,686,297	3,915,034
Finance leases	36,042	-
Bank overdrafts	-	-
<b>Total Interest on External Borrowings</b>	<b>3,722,339</b>	<b>3,915,034</b>

**30. BULK PURCHASES**

Electricity	30,779,061	27,559,652
Water	10,551,273	9,117,386
<b>Total Bulk Purchases</b>	<b>41,330,334</b>	<b>36,677,038</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
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	2007 R	2006 R
<b>31. GRANTS AND SUBSIDIES PAID</b>		
* Darling Focus	35,000	5,795
* Huis van Heerde	20,000	-
SPCA	168,540	159,000
* Elkana Childcare	20,000	20,000
Government	349,549	324,595
Pensioners	246,227	218,663
* Multipurpose Centre: Chatsworth	-	-
* Multi Purpose Centre: Illinge Lethu	51,123	-
* Multi Purpose Centre: Kalbaskraal	-	-
* Multi Purpose Centre: Moorreesburg	40,000	40,000
Museum - Malmesbury	29,932	28,435
Museum - Darling	34,122	31,020
Museum - Oude Kerk	31,328	33,605
Museum - Wheat Industry	34,122	31,020
* Night Shelter	20,000	-
Tourism Swartland and Coastal Area	548,359	20,300
Yzerfontein Conservancy	50,000	-
* The Night Shelter	-	20,000
Tourism Malmesbury	-	201,890
Tourism Moorreesburg	-	100,946
Tourism Koringberg	-	9,514
Tourism Riebeek Valley	-	17,636
Tourism Yzerfontein	-	36,975
<b>Total Grants and Subsidies</b>	<b>1,678,302</b>	<b>1,299,394</b>

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality do not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the SPCA.

- \* The aim of **these organisations** entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

Pensioners were granted a rebate of 40 % on their property rates under certain conditions while certain government institutions received a rebate of 20 % levied on their properties.

**Museums** generally do not generate sufficient income from own resources and are, therefore, dependant on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently, regards it appropriate to contribute financially to this end.

Aware of the importance of the promotion of tourism in the area falling under the Municipality, the Council deems it their duty and privilege to assist financially towards the needs of the various **tourism burros** serving the area.

The **Yzerfontein Urban Conservancy** came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein Local Nature Reserve. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>32. GENERAL EXPENSES</b>		
Included in general expenses is the following:-		
Administration Costs: Vehicles	76,935	-
Advertisements	386,662	790,999
Allowances: Ward Committee	46,625	34,371
Audit Committee Expenditure	31,561	-
Audit Costs	731,119	668,277
Bank costs	295,076	340,181
Chemicals	481,786	519,248
Commission	781,678	707,844
Connection Fees	1,135,162	963,231
Consumables	268,602	-
Contribution to Provisions	-	-
Delegations/Congresses	46,158	64,839
Disaster Management	105,868	41,879
Efficiency Development	453,462	403,314
Entertainment	38,621	-
Evaluation of Posts	65,309	95,633
Fuel and Oil	2,526,575	1,984,908
Hire Purchase Financing	873,061	951,205
Infrastructure: Asset Stocktake	439,389	-
Infrastructure: Civil Survey	263,996	-
Insurance	775,781	873,968
Inventory: Tools and Equipment	77,690	297,255
Job Creation	579,194	1,246,526
LED Projects: Red Door	457,094	-
Legal Fees	326,849	405,980
Licenses: Computer Systems	868,981	728,518
Masterplanning: Services	502,981	-
Mayor Expenses	76,208	-
Membership Fees: Council	160,326	227,729
Postage	527,701	491,899
Printing and Stationery	564,169	456,062
Projects	437,283	797,722
Protective Clothing	437,618	516,178
Refreshments: Offices	55,949	53,436
Rental of Facilities and Hiring of Equipment	639,463	687,913
Security Services	554,906	584,107
Subscriptions	108,149	67,579
Squatter Control	-	529,894
Telecommunications	1,224,589	1,053,742
Test Station Inspection Fees	39,452	-
Testing Sewerage	115,408	-
Tierfontein: Manual Subdivision	200,000	-
Training	326,688	-
Travelling Costs	321,283	260,028
WCDM Levy	-	246,579
Youth Camp (Africa Union)	301,769	321,174
Departmental Rates and Service Charges	4,237,656	4,045,920
Government Grant Expenditure	15,496,369	7,638,324
Other	1,462,361	1,502,871
<b>Total General Expenses</b>	<b>39,923,562</b>	<b>30,599,333</b>

The comparative figures for General Expenses have been restated to correct an error contained in the 2005/2006 Annual Financial Statements. Refer to note 34.4 on Correction of Errors for details of the restatement.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>33. DISCONTINUING OPERATIONS</b>		
The operations of the health services, namely Clinics, Community Services and Prime Health Care, was discontinued during the year and transferred to the Provincial Administration Western Cape. The analysis of the profit as disclosed on the Statement of Financial Performance is as follows:		
<b>INCOME</b>		
Government subsidies	4,542,285	4,641,140
<b>Total Income</b>	<b>4,542,285</b>	<b>4,641,140</b>
<b>Less: Expenditure</b>		
General expenses	322,027	656,500
Employee related cost	4,564,135	3,928,964
Depreciation	33,362	38,560
Repairs and maintenance	4,252	17,116
<b>Net surplus/(deficit) from discontinuing operations</b>	<b>(381,491)</b>	<b>-</b>
<b>Cash flows from discontinued operations</b>		
Net cash flows from operating activities	381,491	-
Depreciation	33,362	38,560
	<b>414,853</b>	<b>38,560</b>

**34. CORRECTION OF ERROR***34.1 Provisions*

During the year ended 30 June 2006, the balance for provisions were erroneously reported as the amount for Post-Employment Health Care Benefits was included in the said balance.

The comparative amount has been restated as follows: -

*Provisions*

Balance previously reported: -	18,234,454
Transfer to Post- Employment Health Care Benefits	(16,451,125)
	<b>1,783,329</b>

***POST RETIREMENT MEDICAL AID BENEFIT LIABILITY***

Balance previously reported: -	-
Transfer from Provisions	16,451,125
	<b>16,451,125</b>

*34.2 Property, Plant and Equipment*

The Auditor - General's examination of the Financial Statements for the year ended 30 June 2006 revealed that previously only the cost of land on which buildings were erected had inadvertently been classified as Investment Properties in the books of account. (Audit Query 5 of 2005/2006 paragraph 1.2 dated 28 November 2006).

Residual values were not considered during previous financial years in determining depreciable amounts of assets, and therefore the estimate of residual values in the current financial year and the resulting effect on depreciable amounts, is the correction of a prior period error.

*Cost*

<b>Balance previously reported -</b>	<b>1,021,133,520</b>
Transferred to Intangible Assets	(51,154)
<b>Carrying Value as at 30 June 2006</b>	<b>1,021,082,366</b>

SWARTLAND MUNICIPALITYNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>34. CORRECTION OF ERROR (Continued)</b>		
<i>Accumulated Depreciation</i>		
<b>Balance previously reported -</b>		<b><u>(821,457,394)</u></b>
Transferred to Accumulated Surplus		
- Land and Buildings		
Transferred to Investment Properties		5,937,595
Adjustment of carrying values due to depreciation adjustment - residual values		1,740,840
Transferred to Intangible Assets		10,230
<b>Carrying Value as at 30 June 2006</b>		<b><u>(813,768,729)</u></b>
<i>Investment Property</i>		
<b>Balance previously reported -</b>		<b><u>32,615,600</u></b>
<b>The comparative amount has been restated as follows: -</b>		
Transferred from Property, Plant and Equipment		5,937,595
<b>Carrying Value as at 30 June 2006</b>		<b><u>26,678,005</u></b>
<i>Intangible Assets</i>		
<b>Balance previously reported -</b>		<b><u>-</u></b>
<b>The comparative amount has been restated as follows: -</b>		
Transferred from Property, Plant and Equipment		51,154
Transferred From Accumulated Depreciation		10,230
<b>Carrying Value as at 30 June 2006</b>		<b><u>40,924</u></b>
<b>34.3 Net Assets</b>		
<i>Capitalisation Reserve</i>		
<b>Balance previously reported -</b>		<b><u>(107,560,320)</u></b>
<b>The comparative amount has been restated as follows: -</b>		
Adjustment of carrying values due to depreciation adjustment - residual values		(915,473)
<b>Nett Value as at 30 June 2006</b>		<b><u>(108,475,793)</u></b>
<i>Government Grant Reserve</i>		
<b>Balance previously reported -</b>		<b><u>(51,569,405)</u></b>
<b>The comparative amount has been restated as follows: -</b>		
Adjustment of carrying values due to depreciation adjustment - residual values		(235,244)
<b>Nett Value as at 30 June 2006</b>		<b><u>(51,804,649)</u></b>
<i>Accumulated Surplus/(Deficit)</i>		
Items incorrectly capitalized removed from Property Plant and Equipment		(590,123)
<b>Nett transfers as at 30 June 2006</b>		<b><u>(590,123)</u></b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R	
<b>34. CORRECTION OF ERROR (Continued)</b>			
<i>34.4 Reclassification of Expenses</i>			
The prior year figures of Employee related Costs (note 27) and General Expenses (note 32) have been restated to correctly classify Post Employment Health Care Benefits as employee related costs (previously included in General expenses).			
<b>The effect of the correction of error is as follows:</b>			
	<b>Employee Related Costs</b>	<b>General Expenses</b>	
<b>Expenses as per AFS previously published for 2005/2006</b>	<b>53,966,304</b>	<b>48,494,623</b>	
Reclassification of Post Employment Health Care Benefits	17,238,790	(17,238,790)	
Reclassification due to Discontinuing Operations (refer to note 33)	(3,928,964)	(656,500)	
<b>Expenses as Per AFS currently disclosed for 2006/2007</b>	<b>67,276,130</b>	<b>30,599,333</b>	
<i>34.5 Reclassification of Investments/Call Investment Deposits and Bank Balances and Cash</i>			
The prior year figures of Investments, Call Investment Deposits and Bank Balances and Cash has been restated to correctly classify the nature of monies held by the municipality:			
	<b>Investments</b>	<b>Call Investment Deposits</b>	<b>Bank balances and Cash</b>
<b>Balances as per Statement of Financial Position published for 2005/2006</b>	<b>88,000,000</b>	<b>353,272</b>	<b>16,305,603</b>
Reclassification of monies held to reflect the nature of monies held	(88,000,000)	(353,272)	88,353,272
<b>Balances as at 30 June 2006 per Statement of Financial Position published for 2005/2006</b>	<b>-</b>	<b>-</b>	<b>104,658,875</b>
<b>35. CASH GENERATED BY OPERATIONS</b>			
Surplus for the year	27,509,343	22,333,000	
Adjustment for:-			
Previous years	906,870	(205,967)	
Depreciation	11,815,228	10,221,599	
Increase/(Decrease) in provisions	763,631	21,421,774	
Investment income	(8,258,456)	(6,283,575)	
Interest paid	3,722,339	3,915,034	
<b>Operating surplus before working capital changes:</b>	<b>36,458,955</b>	<b>51,401,865</b>	
(Increase)/decrease in inventories	(2,538,112)	1,883,764	
(Increase)/decrease in consumer debtors	(3,699,166)	(1,152,488)	
(Increase)/decrease in other debtors	1,779,322	(3,774,567)	
(Decrease)/increase in conditional grants and receipts	3,428,544	3,335,957	
Increase/(Decrease) in Operating lease liability	5,016	-	
Increase/(Decrease) in creditors	10,498,146	970,716	
Increase/(Decrease) in VAT	(2,906,436)	69,877	
<b>Cash generated by/(utilised in) operations</b>	<b>43,026,269</b>	<b>52,735,124</b>	
<b>36. CASH AND CASH EQUIVALENTS</b>			
Bank balances and cash	6,458,911	16,298,073	
Call investment deposits	94,463,898	88,353,272	
Petty Cash Advances	8,230	7,530	
<b>Total cash and cash equivalents</b>	<b>100,931,039</b>	<b>104,658,875</b>	

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>37. OPERATING LEASE COMMITMENTS</b>		
<b>The Municipality as Lessee:</b>		
At the Statement of Financial Position date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	562,960	-
1 to 5 years	421,040	-
More than 5 years	-	-
<b>Total Operating Lease Arrangements</b>	<b>984,000</b>	<b>-</b>
No restrictions have been imposed on the Municipality in terms of the lease agreements.		
Comparative amounts for the previous year not available.		
<b>38. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 2)	28,421,787	30,228,463
Used to finance property, plant and equipment - at cost	28,421,787	30,228,463
<b>Sub- total</b>	<b>-</b>	<b>-</b>
Cash set aside for the repayment of long-term liabilities	2,400,580	1,765,542
<b>Cash invested for repayment of long-term liabilities</b>	<b>2,400,580</b>	<b>1,765,542</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.		
<b>39. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b><u>39.1 Unauthorised expenditure</u></b>		
To the best of knowledge no unauthorised expenditure was incurred during the year under review.		
<b><u>39.2 Fruitless and wasteful expenditure</u></b>		
To the best of knowledge instances of note indicating that fruitless and wasteful expenditure was incurred during the year under review were not revealed.		
<b><u>39.3 Irregular expenditure</u></b>		
To the best of knowledge instances of note indicating that fruitless and wasteful expenditure was incurred during the year under review were not revealed.		
<b>40. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b><u>40.1 Contributions to organized local government</u></b>		
Opening balance	-	-
Council subscriptions	180,737	223,956
Amount paid - current year	(180,737)	(223,956)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b><u>40.2 Audit fees</u></b>		
Opening balance	-	-
Current year audit fee	789,911	726,966
Amount paid - current year	(788,628)	(726,966)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>1,283</b>	<b>-</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	R	R
<b>40. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)</b>		
<b><u>40.3 VAT</u></b>		
VAT inputs receivables and VAT outputs receivables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.		
<b><u>40.4 PAYE and UIF</u></b>		
Opening balance	-	-
Current year payroll deductions	6,182,216	4,756,132
Amount paid - current year	(6,182,216)	(4,756,132)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b><u>40.5 Pension and Medical Aid Deductions</u></b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	9,510,266	8,340,024
Amount paid - current year	(9,510,266)	(8,340,024)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b><u>40.6 Councillor's arrear consumer accounts</u></b>		

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

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

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents as listed hereunder have been condoned.

<b>Incident</b>	<b>Reasons submitted for non-compliance</b>
Employment of facilitator for the drafting of a master plan for future development and coupled infrastructure	Seen as a matter of urgency to expedite the drafting of council's policy guidelines enabling the kick starting of development processes and to manage development to the best advantage of the various towns.
Appointment of professional person: Upgrading of clubhouse Alfa street Sport grounds	Exceptional case where it would not be in Council's best interest and also impractical to follow the normal procurement procedures due to the fact that the existing building, in its present state, is considered a safety risk.
Appointment of professional person: Drafting of business plan for DEAT	Not feasible to follow normal procurement procedures due to time constraints as well as possibility that allotted funds being forfeited.
Appointment of professional person: Redrafting of town borders	Not feasible to change the service provider who drafted and compiled the previous Spatial Development Framework of the Municipality.
Appointment of consultant: Planning and Implementing of communal facilities for the keeping of animals.	Not feasible to change the consultant who was involvement in previous projects, as well as their expertise, and the fact that applications for funding had to be submitted by 30 April 2007.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>41. CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
- <b>Approved and contracted for</b>	<b>6,867,600</b>	-
<i>Infrastructure</i>	5,017,600	-
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	1,850,000	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
- <b>Approved but not yet contracted for</b>	<b>56,068,389</b>	<b>82,167,368</b>
<i>Infrastructure</i>	45,412,889	31,692,709
<i>Community</i>	4,010,500	1,691,000
<i>Heritage</i>	-	-
<i>Other</i>	6,645,000	39,283,659
<i>Housing Development Fund</i>	-	9,500,000
<i>Investment Properties</i>	-	-
<b>Total</b>	<b>62,935,989</b>	<b>82,167,368</b>
This expenditure will be financed from:		
- External Loans	-	-
- Capital Replacement Reserve	53,708,100	60,926,568
- Government Grants	9,227,889	19,932,000
- Own resources	-	100,000
- District Municipality Grants	-	1,208,800
	<b>62,935,989</b>	<b>82,167,368</b>

**42. RISK EXPOSURES**

The municipality is at risk in the following areas:

( i ) Credit Risk, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.

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

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

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / 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 debtors. Consumer debtors are presented net of an allowance for doubtful debt.

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

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

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	-	-
Long-term Receivables	2,940,266	3,907,688
Consumer Debtors	19,901,987	17,075,003
Other Debtors	5,775,657	7,856,480
Short-term Investment Deposits	-	-
Bank and Cash Balances	100,931,039	104,658,875
Maximum Credit and Interest Risk Exposure	<u>129,548,949</u>	<u>133,498,046</u>

**43. OTHER RETIREMENT BENEFIT INFORMATION**

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund is defined benefit plan, whereas the Cape Joint Retirement Fund, Municipal Councillors Fund, The Provident Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers, and in regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

**CAPE JOINT PENSION FUND**

The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9 %, by the members and 18 % by Council. The last valuation performed for the year ended 30 June 2006 (30 June 2005) revealed that the fund had an actuarial surplus of R 293,01 (R 87,2) million with a funding level of 111,4 % (103,4 %), and is in a sound financial state as at 30 June 2006.

**CAPE JOINT RETIREMENT FUND**

The contribution rate paid by the members (9,0 %) and Council (18,0 %) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2006 (30 June 2003) revealed that the fund had an actuarial surplus of R 38,58 (R 0) million with a funding level of 114 % (100 %). Certified in a sound financial position as at 30 June 2006.

**MUNICIPAL COUNCILLORS PENSION**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3 %.

**SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND**

The contribution rate payable is 5 % by the members and not less than 12 % by Council. The last valuation performed for the year ended 30 June 2005, certified that the fund is in a sound financial state.

**NATIONAL FUND FOR MUNICIPAL WORKERS**

The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members (9.00 %) and council (18.00 %).

The latest voluntary valuation was done on 30 June 2006. As at 30 June 2006 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund records.

None of the above mentioned plans are state plans.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007****44. RELATED PARTY TRANSACTIONS**

<b>44.1 Rates and Services Accounts</b>	<b>Rates</b>	<b>Service Charges</b>	<b>Other</b>	<b>Outstanding Balances</b>
<b>30 June 2007</b>				
Councillors	41,622	104,928	912	7,229
Municipal Manager and Section 57 Personnel	25,542	65,303	-	6,061
Municipal Entities	-	-	-	-
<b>Total</b>	<b>67,164</b>	<b>170,231</b>	<b>912</b>	<b>13,290</b>
<b>30 June 2006</b>				
Councillors	38,713	98,372	-	11,692
Municipal Manager and Section 57 Personnel	23,716	63,899	-	5,624
Municipal Entities	-	-	-	-
<b>Total</b>	<b>62,429</b>	<b>162,271</b>	<b>-</b>	<b>17,316</b>

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

**44.2 Related Party Loans**

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are disclosed in note 16 to the Annual Financial Statements.

**44.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 26.

**44.4 Other related party transactions**

The municipality incurred business to the value of R 3 693.64 with M.C. Bakwerke BK. This company is considered to be a related party as Mr. C. McKrieling, a Councillor of the municipality, is the owner of the company. The transaction was concluded in full compliance with the Supply Chain Management policy of the Council and the transaction are considered to be at arms length.

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>45. CONTINGENT LIABILITY</b>		
Eskom	<b>49,600</b>	<b>49,600</b>

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees is covered to a large extend by cash deposits recovered from the individual consumers of electricity within the municipal area.

**46. CONTINGENT ASSET**

The Municipality was not engaged in any transaction or event during the year under review involving a contingent asset.

**47. IN-KIND DONATION AND ASSISTANCE**

The Municipality did not receive any in-kind donation and assistance during the year under review.

**48. PRIVATE PUBLIC PARTNERSHIPS**

The Municipality has as yet not entered into a public-private partnership agreement with any private party.

**49. EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2007.

APPENDIX ASWARTLAND MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

	Loan Number	Redeemable	Balance at 30/06/2006	Received during the period	Redeemed written off during the period	Balance 30/06/2007	Carrying Value of Property, Plant and Equipment	Other Costs in accordance with the MFMA
<b>EXTERNAL LOANS</b>								
<b>LONG- TERM LOANS</b>								
Development Bank		31/03/2018	3,850,863	-	156,284	3,694,579	1,023,249	-
Development Bank		31/12/2018	5,988,966	-	176,866	5,812,100	4,495,584	-
Development Bank		30/06/2020	734,986	-	52,499	682,487	-	-
INCA		31/12/2013	19,653,648	-	1,765,542	17,888,106	18,535,966	-
<b>Total Long- Term Loans</b>			<b>30,228,463</b>	<b>-</b>	<b>2,151,191</b>	<b>28,077,272</b>	<b>24,054,799</b>	<b>-</b>
<b>LEASES</b>								
Sunlyne Rentals			-	349,915	29,593	320,322	309,460	-
CTC Finance			-	25,000	807	24,193	23,342	-
<b>Total leases</b>			<b>-</b>	<b>374,915</b>	<b>30,400</b>	<b>344,515</b>	<b>332,802</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>30,228,463</b>	<b>374,915</b>	<b>2,181,591</b>	<b>28,421,787</b>	<b>24,387,601</b>	<b>-</b>



**APPENDIX B****SWARTLAND MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007 (continued)**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Total brought forward</b>	<b>992,611,857</b>	<b>45,648,482</b>	<b>2,434,668</b>	<b>102,010</b>	<b>1,040,592,997</b>	<b>800,542,803</b>	<b>9,463,242</b>	<b>-</b>	<b>810,006,045</b>	<b>230,586,952</b>
<b>Leased Assets (Infrastructure)</b>										
Sewerage Mains and Purify	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>										
Landfill Sites	941,555	-	-	-	941,555	229,580	33,802	-	263,382	678,173
Office Equipment	794,264	1,066,480	-	-	1,860,744	585,338	155,351	-	740,689	1,120,055
Furniture and Fittings	3,470,756	221,006	-	-	3,691,762	1,895,397	404,927	-	2,300,324	1,391,438
Bins and Containers	1,437,987	41,934	-	-	1,479,921	412,404	145,628	-	558,032	921,889
Emergency Equipment	-	8,360	-	-	8,360	-	608	-	608	7,752
Motor Vehicles	13,455,973	1,456,811	-	264,795	14,647,989	5,807,439	1,019,233	192,943	6,633,729	8,014,260
Fire Engines	265,624	66,254	-	-	331,878	77,680	5,596	-	83,276	248,602
Refuse Tankers	4,165,231	242,880	-	-	4,408,111	1,193,261	305,894	-	1,499,155	2,908,956
Computer Equipment	3,939,119	368,418	-	-	4,307,537	3,024,826	280,947	-	3,305,773	1,001,764
Councillor's Regalia	-	-	-	-	-	-	-	-	-	-
Conservancy Tankers	-	-	-	-	-	-	-	-	-	-
Watercraft	-	-	-	-	-	-	-	-	-	-
	<b>28,470,509</b>	<b>3,472,143</b>	<b>-</b>	<b>264,795</b>	<b>31,677,857</b>	<b>13,225,925</b>	<b>2,351,986</b>	<b>192,943</b>	<b>15,384,968</b>	<b>16,292,889</b>
<b>Total: Property, Plant and Equipment</b>	<b>1,021,082,366</b>	<b>49,120,625</b>	<b>2,434,668</b>	<b>366,805</b>	<b>1,072,270,854</b>	<b>813,768,728</b>	<b>11,815,228</b>	<b>192,943</b>	<b>825,391,013</b>	<b>246,879,841</b>

**ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Land	26,097,900	1,946,750	-	3,463,246	24,581,404	-	-	-	-	24,581,404
Buildings	6,517,700	-	-	-	6,517,700	5,937,595	50,850	-	5,988,445	529,255
<b>Total: Investment Property</b>	<b>32,615,600</b>	<b>1,946,750</b>	<b>-</b>	<b>3,463,246</b>	<b>31,099,104</b>	<b>5,937,595</b>	<b>50,850</b>	<b>-</b>	<b>5,988,445</b>	<b>25,110,659</b>

**APPENDIX B****SWARTLAND MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007 (continued)****ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Website Development	51,154	-	-	-	51,154	10,230	10,231	-	20,461	30,693
Valuation Roll	-	-	982,944	-	982,944	-	-	-	-	982,944
<b>Total: Intangible Assets</b>	<b>51,154</b>	<b>-</b>	<b>982,944</b>	<b>-</b>	<b>1,034,098</b>	<b>10,230</b>	<b>10,231</b>	<b>-</b>	<b>20,461</b>	<b>1,013,637</b>
<b>Grand Total</b>	<b>1,053,749,120</b>	<b>51,067,375</b>	<b>3,417,612</b>	<b>3,830,051</b>	<b>1,104,404,056</b>	<b>819,716,553</b>	<b>11,876,309</b>	<b>192,943</b>	<b>831,399,919</b>	<b>273,004,137</b>

**APPENDIX C**

**SWARTLAND MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Cemeteries	38,071	-	-	-	38,071	34,439	363	-	34,802	3,269
Corporate Services	4,861,206	1,332,957	-	-	6,194,163	2,714,525	374,710	-	3,089,235	3,104,928
Electricity	136,946,635	7,108,170	182,103.00	-	144,236,908	117,937,281	1,313,073	-	119,250,354	24,986,554
Environmental Health	955,829	15,818	-	-	971,647	370,844	33,511	-	404,355	567,292
Financial	1,627,863	451,780	982,943.00	-	3,062,586	379,271	320,067	-	699,338	2,363,248
Fire Fighting	925,401	213,988	-	-	1,139,389	501,126	58,685	-	559,811	579,578
Housing	2,223,263	2,630	-	-	2,225,893	1,329,808	67,489	-	1,397,297	828,596
Libraries	2,548,290	1,440	-	-	2,549,730	254,462	126,770	-	381,232	2,168,498
Municipal Property	142,241,547	3,822,780	-	3,670,256	142,394,071	50,098,056	898,709	66,150	50,930,615	91,463,456
Parks and Recreational	2,560,366	452,216	-	-	3,012,582	1,068,889	159,103	-	1,227,992	1,784,590
Protection Services	4,332,925	698,866	-	83,363	4,948,428	1,796,355	241,497	58,354	1,979,498	2,968,930
Refuse Removal	7,985,068	299,319	-	26,644	8,257,743	2,774,681	507,663	18,651	3,263,693	4,994,050
Roads and Stormwater	439,850,501	17,932,365	567,098.00	49,788	458,300,176	397,173,580	3,309,330	49,788	400,433,122	57,867,054
Sewerage	177,472,393	12,061,047	168,024.00	-	189,701,464	141,102,452	2,497,556	-	143,600,008	46,101,456
Sportsgrounds	8,949,053	2,762,105	55,000.00	-	11,766,158	2,612,544	448,529	-	3,061,073	8,705,085
Water	120,230,709	3,911,894	1,462,444	-	125,605,047	99,568,240	1,519,254	-	101,087,494	24,517,553
<b>TOTAL</b>	<b>1,053,749,120</b>	<b>51,067,375</b>	<b>3,417,612</b>	<b>3,830,051</b>	<b>1,104,404,056</b>	<b>819,716,553</b>	<b>11,876,309</b>	<b>192,943</b>	<b>831,399,919</b>	<b>273,004,137</b>

**APPENDIX D****SWARTLAND MUNICIPALITY****SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007**

<b>2006 Actual Income R</b>	<b>2006 Actual Expenditure R</b>	<b>2006 Surplus/ (Deficit) R</b>		<b>2007 Actual Income R</b>	<b>2007 Actual Expenditure R</b>	<b>2007 Surplus/ (Deficit) R</b>
36,478	9,279,163	(9,242,685)	Executive and Council	114,239	12,572,400	(12,458,161)
86,974,326	52,060,971	34,913,355	Finance and Administration	86,034,114	42,903,001	43,131,113
1,398,892	1,746,344	(347,452)	Planning and Development	1,243,211	2,636,722	(1,393,511)
		-	Health	-	-	-
498,671	4,691,467	(4,192,796)	Community and Social Services	610,786	5,288,505	(4,677,719)
795,669	4,012,800	(3,217,131)	Housing	680,914	1,545,076	(864,162)
12	6,195,132	(6,195,120)	Public Safety	12	8,110,806	(8,110,794)
1,591,163	5,645,616	(4,054,453)	Sport and Recreation	1,366,780	6,126,847	(4,760,067)
-	-	-	Environmental Protection	-	-	-
11,543,288	9,268,567	2,274,721	Waste Water Management	12,838,579	10,391,797	2,446,782
8,475,122	8,926,149	(451,027)	Waste Management	9,619,119	9,715,501	(96,382)
7,685,074	14,320,915	(6,635,841)	Road Transport	7,383,859	16,606,092	(9,222,233)
16,163,071	16,330,731	(167,660)	Water	19,160,379	18,704,597	455,782
53,939,058	37,361,654	16,577,404	Electricity	61,441,185	41,210,246	20,230,939
-	568,778	(568,778)	Other	14,967	664,611	(649,644)
<b>189,100,824</b>	<b>170,408,287</b>	<b>18,692,537</b>	<b>Sub Total</b>	<b>200,508,144</b>	<b>176,476,201</b>	<b>24,031,943</b>
4,641,140	4,641,140	-	Health (Discontinued operations)	4,542,285	4,923,776	(381,491)
<b>193,741,964</b>	<b>175,049,427</b>	<b>18,692,537</b>		<b>205,050,429</b>	<b>181,399,977</b>	<b>23,650,452</b>
-	(3,640,463)	3,640,463	Less Inter- Departmental Charges	-	(3,858,891)	3,858,891
<b>193,741,964</b>	<b>171,408,964</b>	<b>22,333,000</b>	<b>Total</b>	<b>205,050,429</b>	<b>177,541,086</b>	<b>27,509,343</b>

**APPENDIX E (1)****SWARTLAND MUNICIPALITY****ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007**

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
<b>REVENUE</b>					
Property rates	38,479,093	36,803,139	1,675,954	4.55	
Service charges	100,437,171	91,185,239	9,251,932	10.15	
Rental of facilities and equipment	1,451,260	1,415,213	36,047	2.55	
Interest earned - external investments	8,258,456	3,192,645	5,065,811	158.67	Increased income due to favourable cash balances throughout the year and higher interest rates received than that estimated.
Interest earned - outstanding debtors	1,267,791	858,170	409,621	47.73	Income derived from interest on late payments higher than income anticipated.
Dividends received	-	-	-	-	
Fines	2,172,287	2,073,875	98,412	4.75	
Licences and permits	2,267,527	1,938,445	329,082	16.98	Higher demand for licences and permits.
Income for agency services	2,117,394	1,960,000	157,394	8.03	
Government grants and subsidies	24,239,301	43,469,555	(19,230,254)	(44.24)	Will vary from year-to-year depending on grants allocated.
Other income	6,435,556	9,705,412	(3,269,856)	(33.69)	Contribution derived from accumulated surplus did not materialise.
Public contributions, donated and contributed property, plant and equipment	-	-	-	-	
Gains on disposal of property, plant and equipment	13,382,308	38,001,000	(24,618,692)	(64.78)	Income derived from landsales lower than income anticipated.
<b>Total Revenue</b>	<b>200,508,144</b>	<b>230,602,693</b>	<b>(30,094,549)</b>	<b>(13.05)</b>	
<b>EXPENDITURE</b>					
Employee related costs	56,279,719	63,650,139	(7,370,420)	(11.58)	Posts budgeted for not filled.
Remuneration of Councillors	4,133,104	3,363,102	770,002	22.90	Increase in councillor's allowances
Bad debts	2,979,509	3,937,734	(958,225)	(24.33)	Provision for bad debt less than the amount budgeted for due to improved debt collection and a new method of calculation.
Collection costs	-	-	-	-	
Depreciation	11,842,947	11,725,851	117,096	1.00	
Repairs and maintenance	8,890,022	9,667,374	(777,352)	(8.04)	
Interest paid on external borrowings	3,722,339	3,835,009	(112,670)	(2.94)	
Bulk purchases	41,330,334	39,160,326	2,170,008	5.54	
Contracted services	1,837,472	1,948,750	(111,278)	(5.71)	
Grants and subsidies paid	1,678,302	1,155,028	523,274	45.30	Higher demand for subsidies from non- profitable organisations.
General expenses- other	39,923,562	40,523,538	(599,976)	(1.48)	
Loss on disposal of property, plant and equipment	-	-	-	-	
<b>Total Expenditure</b>	<b>172,617,310</b>	<b>178,966,851</b>	<b>(6,349,541)</b>	<b>(3.55)</b>	
<b>Surplus/(Deficit) for the year from discontinued operations</b>	<b>(381,491)</b>				
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>27,509,343</b>	<b>51,635,842</b>	<b>(23,745,008)</b>	<b>(45.99)</b>	

**APPENDIX E (2)****SWARTLAND MUNICIPALITY****ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007**

	2007 Actual R	2007 Under Construction R	2007 Total Additions R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5 % versus Budget
Cemeteries	-	-	-	-	-	-	
Corporate Services	1,332,957	-	1,332,957	1,156,059	176,898	15.30	Amount budgeted for was not fully spent during the 2006/2007 financial year and was carried over to the new financial year.
Electricity	7,108,170	182,103	7,290,273	7,974,587	(684,314)	(8.58)	Amount budgeted for was not fully spent during the 2006/2007 financial year and was carried over to the new financial year.
Environmental Health	15,818	-	15,818		15,818	100.00	Inventory items budgeted for as operating expenditure transferred to capital expenditure.
Financial	451,780	982,943	1,434,723	1,800,000	(365,277)	(20.29)	Amount budgeted for was not fully spent during the 2006/2007 financial year and was carried over to the new financial year.
Fire Fighting	213,988	-	213,988	105,580	108,408	102.68	A subsequent saving was realised with the upgrading of a truck.
Housing	2,630	-	2,630	-	2,630	100.00	Inventory items budgeted for as operating expenditure transferred to capital expenditure.
Libraries	1,440	-	1,440	-	1,440	100.00	Inventory items budgeted for as operating expenditure transferred to capital expenditure.
Municipal Property	3,822,780	-	3,822,780	4,805,000	(982,220)	(20.44)	Amount budgeted for was not fully spent during the 2006/2007 financial year and was carried over to the new financial year.
Parks and Recreational	452,216	-	452,216	689,999	(237,783)	(34.46)	A subsequent saving was realised with the upgrading of the swimming pool.
Protection Services	698,866	-	698,866	688,000	10,866	1.58	
Refuse Removal	299,319	-	299,319	350,000	(50,681)	(14.48)	A subsequent saving was realised with the acquisition of a truck.
Roads and Stormwater	17,932,365	567,098	18,499,463	23,735,769	(5,236,306)	(22.06)	Amount budgeted for was not fully spent during the 2006/2007 financial year and was carried over to the new financial year.
Sewerage	12,061,047	168,024	12,229,071	14,886,910	(2,657,839)	(17.85)	Amount budgeted for was not fully spent during the 2006/2007 financial year and was carried over to the new financial year.
Sportsgrounds	2,762,105	55,000	2,817,105	2,972,811	(155,706)	(5.24)	
Water	3,911,894	1,462,444	5,374,338	6,243,290	(868,952)	(13.92)	Amount budgeted for was not fully spent during the 2006/2007 financial year and was carried over to the new financial year.
	<b>51,067,375</b>	<b>3,417,612</b>	<b>54,484,987</b>	<b>65,408,005</b>	<b>(10,923,018)</b>	<b>(16.70)</b>	

**APPENDIX F****SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003****Grant and Subsidies Received**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act Yes / No
		June	September	December	March	June	September	December	March	June	September	December	March		
Municipal Infrastructure Grant	National Department of Provincial and Local Government	467,357	568,961	709,539	2,277,147	1,078,588	1,184,358	1,279,032	149,257	-	-	-	-	None	Yes
Equitable share	National Department of Provincial and Local Government	-	3,117,951	2,337,996	3,896,036	1,172,756	2,113,836	2,065,350	675,653	-	-	-	-	None	Yes
Drought Relief	National Department of Provincial and Local Government	-	-	-	-	-	99,675	77,365	-	-	-	-	-	None	Yes
Local Government Financial Management Grant	National Treasury	-	500,000	-	-	300,102	37,786	203,193	82,646	-	-	-	-	None	Yes
Local Government Transition Fund	National Department of Provincial and Local Government	80,892	-	-	-	28,451	32,205	19,352	10,948	-	-	-	-	None	Yes
Vegetable Garden	Provincial Department of Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Darling Pedestrian Route	Provincial Department of Transport and Public Works	-	-	-	-	37,070	-	-	-	-	-	-	-	None	Yes
Housing Riebeek Kasteel	Provincial Department of Housing	-	-	6,540,408	-	33,102	-	3,142,997	3,396,763	-	-	-	-	None	Yes
Kalbaskraal Housing Project	Provincial Department of Housing	-	-	1,347,176	-	85,193	-	-	1,347,176	-	-	-	-	None	Yes
Koringberg Taxi Rank	Provincial Department of Transport and Public Works	-	-	-	-	13,138	-	-	35,910	-	-	-	-	None	Yes
Spatial Development Framework	Provincial Department of Environmental Affairs and Development Planning	-	-	100,000	-	-	-	-	-	-	-	-	-	None	Yes
Cleaning Projects Swartland	Provincial Department of Environmental Affairs and Development Planning	-	-	-	-	30,436	63,332	34,636	-	-	-	-	-	None	Yes
Darling Housing Project	Provincial Department of Housing	-	-	-	-	251,160	-	-	-	-	-	-	-	None	Yes

APPENDIX FSWARTLAND MUNICIPALITYDISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003 (continued)

## Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act Yes / No
		June	September	December	March	June	September	December	March	June	September	December	March		
Cleanest Town	Provincial Department of Environmental Affairs and Development Planning	-	-	-	120,000	-	-	-	-	-	-	-	-	None	Yes
Upgrading Polla Park Township	Provincial Department of Housing	570,000	-	-	-	15,181	-	-	-	-	-	-	-	None	Yes
Illinge Lethu Multipurpose Centre	Provincial Department of Social Services and Poverty Alleviation	140,000	150,000	-	-	224,083	33,152	32,066	52,342	-	-	-	-	None	Yes
Riebeeck Kasteel Non Motorised Transport	Provincial Department of Transport and Public Works	217,000	167,000	167,000	166,000	411,973	30,512	55,562	4,560	-	-	-	-	None	Yes
Soup Kitchen	West Coast District Municipality	-	-	-	-	16,606	6,072	12,978	10,214	-	-	-	-	None	Yes
Darling Sewerage Phase II	West Coast District Municipality	4,372,294	1,483,179	-	-	4,804,385	-	674,413	335,974	-	-	-	-	None	Yes
Illinge Lethu Centre	West Coast District Municipality	-	25,019	-	-	-	-	16,585	45,945	-	-	-	-	None	Yes
Provincial Health Subsidies	Provincial Department of Health	386,725	1,074,324	680,827	2,004,281	1,123,946	1,016,357	1,295,360	1,063,817	-	-	-	-	None	Yes
Proclaimed Roads Subsidy	Provincial Department of Transport and Public Works	-	-	-	578,000	-	-	578,000	-	-	-	-	-	None	Yes
Abbotsdale Housing Project	Provincial Department of Housing	-	-	-	-	453	-	-	-	-	-	-	-	None	Yes
Borehole Rosenhof	Provincial Department of Agriculture	-	-	-	-	19,031	-	-	-	-	-	-	-	None	Yes
Illinge Lethu Housing Project	Provincial Department of Housing	-	-	-	-	409	-	-	-	-	-	-	-	None	Yes
Imbizo	Provincial Department of Local Government	-	-	40,000	-	-	-	36,597	-	-	-	-	-	None	Yes
Kalbaskraal Housing Project	Provincial Department of Housing	-	-	-	-	6,851	-	-	-	-	-	-	-	None	Yes
Library	Provincial Library Services	-	-	-	-	24,216	-	-	-	-	-	-	-	None	Yes
Riebeeck Wes Koinonia Housing Project	Provincial Department of Housing	-	-	-	-	828	273	355	4,000	-	-	-	-	None	Yes
Koringberg Sport Development	Provincial Department of Cultural Affairs and Sport	-	-	-	-	-	28,522	1,478	-	-	-	-	-	None	Yes

**APPENDIX F****SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003 (continued)****Grant and Subsidies Received**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act Yes / No
		June	September	December	March	June	September	December	March	June	September	December	March		
Masibambani	National Department of Water Affairs and Forestry	-	-	276,000	249,000	-	6,928	-	39,474	-	-	-	-	None	Yes
Upgrading: Taxi Terminal	Provincial Department of Transport and Public Works	-	-	-	-	33,737	-	-	-	-	-	-	-	None	Yes
Sport: Kalbaskraal	Provincial Department of Cultural Affairs and Sport	-	-	-	-	30,648	-	-	-	-	-	-	-	None	Yes
Swartland Youth Art School	Provincial Department of Cultural Affairs and Sport	-	-	-	-	6,063	15,883	-	-	-	-	-	-	None	Yes
Klippiessdal Housing Project	Provincial Department of Housing	-	-	-	65,163	-	-	-	-	-	-	-	-	None	Yes
Masterplanning	Provincial Department of Local Government	-	-	-	63,000	-	3,362	-	39,474	-	-	-	-	None	Yes
Goedgedacht Sportgrounds	Provincial Department of Cultural Affairs and Sport	-	-	-	500,000	-	-	-	-	-	-	-	-	None	Yes
Electricity: Riebeek Wes/ Kalbaskraal	Eskom	-	-	-	1,015,785	-	5,248	365,452	512,591	-	-	-	-	None	Yes
Community Development Workers	West Coast District Municipality	-	-	-	24,280	-	-	-	-	-	-	-	-	None	Yes
Borehole Kalbaskraal	Provincial Department of Agriculture	-	-	-	-	-	105,263	14,737	-	-	-	-	-	None	Yes
<b>Total</b>		<b>6,234,268</b>	<b>7,086,434</b>	<b>12,198,946</b>	<b>10,958,692</b>	<b>9,748,406</b>	<b>4,782,764</b>	<b>9,905,508</b>	<b>7,806,744</b>	-	-	-	-		

**\* Reasons for non-compliance**

No expenditure was incurred in this financial year. The funding will be utilised in the next financial year.

**APPENDIX G****SWARTLAND MUNICIPALITY****IMPLEMENTATION PLAN IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Financial reporting</b>	<b>Extent of exemption from standard</b>	<b>Milestones to be achieved to comply with exemption</b>	<b>Person</b>	<b>Estimated</b>
Property, plant and equipment (GRAP 17)	Review of useful life of items of PPE recognised in the annual financial statements <i>[paragraphs 59 – 61, and 77]</i>	<ol style="list-style-type: none"> <li>1) CFO to communicate the requirement for the review of useful lives of PPE to all custodians of Assets through a workshop/written communication.</li> <li>2) CFO to issue a memo to all departmental managers at year-end to request them to ensure that the remaining useful life of all items of PPE as reflected for assets under their control per the FAR is realistic.</li> <li>3) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year-end.</li> <li>4) The useful lives in the asset register should be amended for items identified and the depreciation charge adjusted for the current and future periods.</li> <li>5) Pass necessary accounting entries and also do necessary disclosure of the change in estimate (nature of change in estimate, amounts involved, effect on future periods).</li> </ol>	A Wynand	30/06/2009
Property, plant and equipment (GRAP 17)	Review of depreciation method applied to PPE recognised in the annual financial statements <i>[paragraphs 62 and 77]</i>	<ol style="list-style-type: none"> <li>1) CFO to communicate the requirement for the review of depreciation method applied to PPE to all custodians of Assets through a workshop/written communication.</li> <li>2) CFO to issue a memo to all departmental managers at year-end to request them to ensure that the depreciation method used to depreciate all items of PPE as reflected as being under their control per the FAR is realistic.</li> <li>3) CFO to review the depreciation method used to depreciate different classes of assets annually to assess its applicability for each class of asset.</li> <li>4) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year-end.</li> <li>5) Pass necessary accounting entries and also do necessary disclosure of the change in estimate (nature of change in estimate, amounts involved, effect on future periods).</li> </ol>	A Wynand	30/06/2009
Property, plant and equipment (GRAP 17)	Impairment of non-cash-generating assets <i>[paragraphs 64 – 69 and 75(e)(v) – (vi)]</i>	<ol style="list-style-type: none"> <li>1) Identify items of PPE that may have suffered impairment losses at year-end by issuing a memo to all departments requesting them to identify assets that: <ul style="list-style-type: none"> <li>Are in a state of permanent damage at year-end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end);</li> <li>Are stolen at year-end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft);</li> <li>Are technologically obsolete at year-end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout);</li> <li>Have remained idle for a considerable period either prior to them being put into use at year-end or during their useful life.</li> <li>Show that they are not performing according to their specifications or according to industry accepted norms.</li> </ul> </li> <li>2) Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.</li> </ol>	A Wynand	30/06/2009

**APPENDIX G****SWARTLAND MUNICIPALITY****IMPLEMENTATION PLAN IN TERMS OF GENERAL NOTICE 522 OF 2007 (continued)**

<b>Financial reporting</b>	<b>Extent of exemption from standard</b>		<b>Milestones to be achieved to comply with exemption</b>	<b>Person</b>	<b>Estimated</b>
Property, plant and equipment (GRAP 17)	Impairment of cash-generating assets [paragraphs 63 and 75(e)(v) – (vi)]	1)	Identify items of PPE that may have suffered impairment losses at year-end by issuing a memo to all departments requesting them to identify assets that:  Are in a state of permanent damage at year-end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end);  Are stolen at year-end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft);  Are technologically obsolete at year-end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout);  Have remained idle for a considerable period either prior to them being put into use at year-end or during their useful life.  Show that they are not performing according to their specifications or according to industry accepted norms.	A Wynand	30/06/2009
		2)	Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.		
Impairment of Assets (IAS 36/AC 128)	Entire Standard	1)	An accounting policy on the impairment and associated losses of assets should be developed.	A Wynand	30/06/2009
		2)	Identify items of PPE that may have suffered impairment losses at year-end by issuing a memo to all departments requesting them to identify assets that:  Are in a state of permanent damage at year-end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end);  Are stolen at year-end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft);  Are technologically obsolete at year-end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout);  Have remained idle for a considerable period either prior to them being put into use at year-end or during their useful life.  Show that they are not performing according to their specifications or according to industry accepted norms.		
		3)	Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.		
Inventories (GAMAP 12)	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.		The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Inventories (GAMAP 12) by 30 June 2007.	Implemented	30/06/2007
Inventories (GAMAP 12)	The entire standard to the extent that it relates to water stock that was not purchased by the municipality.		The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Inventories (GAMAP 12) by 30 June 2007.	Implemented	30/06/2007

**APPENDIX G****SWARTLAND MUNICIPALITY****IMPLEMENTATION PLAN IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Financial reporting</b>	<b>Extent of exemption from standard</b>	<b>Milestones to be achieved to comply with exemption</b>	<b>Person</b>	<b>Estimated</b>
Investment Property (IAS 40/AC 135)	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Investment Properties (IAS40 /AC 135) by 30 June 2007.	Implemented	30/06/2007
Investment Property (IAS 40/AC 135)	Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of the standard. <i>[paragraphs IAS 40.79 (e)(i) – (iii)]</i>	Although Investment Properties (IP) are reflected at cost, procedures should be put in place to obtain the Fair Value of IP at each Balance Sheet date for inclusion in the notes to the AFS.  Appoint professional valuers to value all investment properties.  Obtain the significant methods and assumptions applied in determining the fair value of IP, including whether the determination of IP was supported by market evidence or was more heavily based on other factors because of the nature of the property and lack of comparable market data. (This info should be disclosed in the AFS to the note on IP).  The details and qualification of the valuator should also be obtained for audit purposes.	C F Gerber	30/06/2008
Leases (IAS 17/AC 105)	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement.	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Leases (IAS17 /AC 105) by 30 June 2007.	Implemented	30/06/2007
Intangible Assets (IAS 38/AC 129)	The entire standard except for the recognition, measurement and disclosure of computer software equipment and website costs (SIC 32/AC 432) and all other costs are expensed	Classification and initial measurement of Intangible Assets not yet accounted for in terms of IAS 38:  1) All assets that meet the definition of an intangible asset and the recognition criteria for an asset should be identified by scrutinising the AR and capital purchases file/vouchers.  2) All intangible assets identified should be measured initially at their cost price. Examples of items which may meet the definition of an intangible asset in the municipal environment are:  The cost of the General Valuation Roll.  A license fee for operating a tip site, where the fee grants to the municipality the right to operate the tip site for a period of longer than one year.  Servitudes.  3) Necessary procedures should be put in place to ensure the proper accounting treatment of Intangible assets after initial recognition to deal with the accounting for subsequent expenditure, amortisation, review of useful lives of intangible assets, retirements and disposals of intangible assets and internally generated intangible assets.  4) The following adjustments will need to be made to the intangible assets currently reflected as PPE in the asset register:  If any intangible assets are currently classified as part of PPE, then the full application of IAS 38 will lead to a reclassification of these items as intangible assets. This will result in a reduction in the carrying amount of PPE and an increase in intangible assets.  If intangible assets have been incorrectly expensed in the past this can be regarded as a prior period error and should be corrected retrospectively by applying GRAP 3. This will lead to a restatement (increase) of the opening balance of the Accumulated Surplus Account as well as an increase in the Asset Value on the Statement of Financial Position of the Municipality.	Implemented	30/06/2007

**APPENDIX G****SWARTLAND MUNICIPALITY****IMPLEMENTATION PLAN IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Financial reporting</b>	<b>Extent of exemption from standard</b>	<b>Milestones to be achieved to comply with exemption</b>	<b>Person</b>	<b>Estimated</b>
Employee Benefits (IAS 19/AC 116)	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. <i>[paragraphs 29, 48 – 119, 120A(c)-(q)]</i>	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Employee Benefits (IAS19 /AC 116) by 30 June 2007.	Implemented	30/06/2007
Revenue (GAMAP 9)	Initial measurement of fair value discounting all future receipts using an imputed rate of interest. <i>[SAICA circular 09/06 and paragraph 12]</i>	In terms of GAMAP 9 revenue is measured at the fair value of the consideration received. In most cases the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. Where the inflow of cash or cash equivalents is <i>deferred</i> , for example where the entity provides an interest free credit period to the purchaser the fair value of the revenue must then be determined by discounting all future receipts by using an imputed rate of interest.  The municipality does not envisage entering into transactions where an interest free credit period is provided to the purchaser of services or goods form the municipality and therefore it is highly unlikely that the municipality will be faced with this type of transaction.	Implemented	30/06/2007
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	Initially measuring financial assets and financial liabilities at fair value. <i>[SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39/ AC 133]</i>	The municipality is of the opinion that it is, through its normal activities, complying with the requirements of the initial measurement of IAS 39. However in cases that might be identified where initial recognition is not done correctly, the following actions would be required.  1) Initial recognition: IAS 39 requires recognition of a financial asset or a financial liability when, and only when, the entity becomes a party to the contractual provisions of the instrument, subject to the following provisions in respect of regular way purchases.  2) Initial measurement: Initially, financial assets and liabilities should be measured at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss.  <b>Action:</b> Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. IAS 39 provides a hierarchy to be used in <b>determining the fair value</b> for a financial instrument which are the following:  Quoted market prices in an active market are the best evidence of fair value and should be used, where they exist, to measure the financial instrument.  If a market for a financial instrument is not active, an entity establishes fair value by using a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.  If there is no active market for an equity instrument and the range of reasonable fair values is significant and these estimates cannot be made reliably, then an entity must measure the equity instrument at cost less impairment.	C F Gerber	30/06/2007

**APPENDIX G****SWARTLAND MUNICIPALITY****IMPLEMENTATION PLAN IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Financial reporting</b>	<b>Extent of exemption from standard</b>		<b>Milestones to be achieved to comply with exemption</b>	<b>Person</b>	<b>Estimated</b>
Non-current Assets held for Sale and Discontinued Operations (IFRS 5/AC142)	Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6 – 14, 15 – 29 (in so far as it relates to non-current assets held for sale), 38 – 42]	1) 2) 3) 4) 5) 6) 7)	<p>Relevant staff members should be made fully aware of the requirements of IFRS 5.</p> <p>Print-outs of the FAR per department must be made and distributed to the Heads of every department. The Heads of departments must scrutinise the FAR applicable to their department and identify assets that meet the criteria for non-current assets held for sale as set out by IFRS 5.6 to .11.</p> <p>The Heads of departments must return the departmental FAR, to the CFO and indicate the assets that meet the above mentioned criteria.</p> <p>CFO must ensure that every department returned the departmental-FAR and ensure that it has been signed-off as proof that it has been reviewed.</p> <p>Scrutinise the fixed asset votes in the GL after year-end up to the date when the financial statements are prepared, to identify assets that are sold after year-end and meet the IFRS 5.6 to 11 requirements at year end. Ensure that these assets are classified as Non-current assets held for sale in the Financial Statements for the year under review.</p> <p>Measure and disclose the Non Current Assets held for Sale in accordance with IFRS 5 requirements.</p> <p>The following information should be disclosed in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:</p> <p style="padding-left: 40px;">a description of the non-current asset (or disposal group);</p> <p style="padding-left: 40px;">a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal;</p> <p style="padding-left: 40px;">the gain or loss recognised on initial or subsequent write down or reversal and if not separately presented on the face of the Statement of Financial performance, the caption in the Statement of Financial Performance that includes that gain or loss.</p>	A Wynand	30/06/2009
Financial Instruments: Disclosures (IFRS 7/AC 144)	Entire Standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	1) 2)	<p>Financial instruments should be grouped into classes of similar instruments and, when disclosures are required, make disclosures by class. The two main categories of disclosures are:</p> <p style="padding-left: 40px;">Information about the significance of financial instruments.</p> <p style="padding-left: 40px;">Information about the nature and extent of risks arising from financial instruments.</p> <p><b>Action:</b> The following <b>disclosures</b> for each of the categories should be included:</p> <p><b>Balance sheet:</b></p> <p style="padding-left: 20px;"><b>Financial assets measured at fair value through profit and loss</b>, showing separately those held for trading and those designated at initial recognition.</p> <p style="padding-left: 20px;"><b>Held-to-maturity</b> investments.</p> <p style="padding-left: 20px;"><b>Loans and receivables.</b></p> <p style="padding-left: 20px;"><b>Available-for-sale assets.</b></p> <p style="padding-left: 20px;"><b>Financial liabilities at fair value through profit and loss</b>, showing separately those held for trading and those designated at initial recognition.</p> <p style="padding-left: 20px;"><b>Financial liabilities measured at amortised cost.</b></p>	C F Gerber	30/06/2008

**APPENDIX G****SWARTLAND MUNICIPALITY****IMPLEMENTATION PLAN IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Financial reporting</b>	<b>Extent of exemption from standard</b>		<b>Milestones to be achieved to comply with exemption</b>	<b>Person</b>	<b>Estimated</b>
Financial Instruments: Disclosures (IFRS 7/AC 144)			<p><b><u>Income statement:</u></b></p> <p><b>Items of income, expense, gains, and losses</b>, with separate disclosure of gains and losses from financial assets measured at fair value through profit and loss, showing separately those held for trading and those designated at initial recognition, held-to-maturity investments, loans and receivables, available-for-sale assets, financial liabilities measured at fair value through profit and loss, showing separately those held for trading and those designated at initial recognition and financial liabilities measured at amortised cost.</p> <p><b>Interest</b> income and interest expense for those financial instruments that are not measured at fair value through profit and loss.</p> <p><b>Fee</b> income and expense</p> <p>Amount of <b>impairment losses</b> on financial assets</p> <p><b>Interest income on impairment financial assets</b></p> <p><b><u>Other disclosures:</u></b></p> <p>Accounting policies for financial instruments.</p> <p>Note that disclosure of fair values is not required when the carrying amount is a reasonable approximation of fair value, such as short-term trade receivables and payables, or for instruments whose fair value cannot be measured reliably.</p>		
Construction Contracts (IAS 11/AC 109)	Entire Standard	1)	The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities.	Not Applicable	<i>Not Applicable</i>
		2)	No actions for the application of IAS 11 are therefore necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.		
Business Combinations (IFRS 3/AC 140)	Entire Standard	1)	The municipality has not undertaken any business combinations.	Not Applicable	<i>Not Applicable</i>
		2)	No actions are therefore at this stage required to implement the standard.		
Accounting for Government Grants and disclosure of Government Assistance (IAS 20/AC 134)	Entire Standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9	1)	<b>Currently</b> all conditional capital grants received for the purchase of PPE are accounted for in terms of the NT GRAP implementation guidelines dated June 2005 and also GAMAP 9.42 to 46.	C F Gerber	30/06/2007
		2)	On receipt of a conditional capital government grant the amount is banked and reflected as a current liability called Unspent Conditional Grants and Receipts. Once the amount is spent in accordance with the grant conditions a transfer is made from the current liability to the Statement of Financial Performance equal to the amount that has been spent during the financial year in accordance with the grant conditions. Thereafter an equal amount is transferred from the Accumulated Surplus to the Government Grant Reserve (GGR) on the statement of Changes in Net Assets. Annually an amount is transferred from this reserve to accumulated surplus equal to the amount of depreciation on assets funded from government grants. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).		
		3)	According to <b>IAS 20</b> , Government grants used to finance assets, should be recognised either as a reduction in the cost of the asset or deferred income that will be amortised as the related asset is depreciated.		

**APPENDIX G****SWARTLAND MUNICIPALITY****IMPLEMENTATION PLAN IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Financial reporting</b>	<b>Extent of exemption from standard</b>		<b>Milestones to be achieved to comply with exemption</b>	<b>Person</b>	<b>Estimated</b>
Accounting for Government Grants and disclosure of Government Assistance (IAS 20/AC 134)		4)	Therefore a decision should be made by Management as to which one of the alternatives should prescribed by IAS 20 should be implemented.  <b>Option 1</b> - If the grants will be recognised as a <b>reduction in the cost of assets</b> , the current Government Grants Reserve, should be debited and Assets credited in order to correct the AFS.  The carrying value of assets on the FAR should be adjusted in order to correct the future depreciation charges on these assets.  <b>Option 2</b> – If the grants will be recorded as <b>deferred income when it is utilised</b> , the Government Grant Reserve should be debited and Deferred Income credited.  Furthermore, as the related asset is depreciated, the deferred income will be debited and revenue credited. In this scenario the revenue recorded will be equal to the depreciation charge related to asset financed from Government Grants.		
		5)	The implementation of IAS 20 will be regarded as a change in accounting policy and a disclosure note as is required by GRAP 3 should be prepared.		
General – Assets	Currently the asset management policy only refers to investment properties which are to be revalued annually (which is not the case as investment properties are currently measured using the cost model).		A policy on Investment Properties should be developed for the municipality that adheres to and includes the principles of IAS 40. The policy should include the criteria that should be used to distinguish investment properties from owner-occupied property and from property held for sale in the ordinary course of business.	C F Gerber	30/06/2008
General – Assets	Infrastructure assets - no documented methodology exists on how to calculate the book values of infrastructure assets that currently have global amounts in the asset register.	1)	A detailed review of the asset register has been performed to identify Infrastructural assets that are recorded at global amounts.	A Wynand	30/06/2009
		2)	Consultants have been appointed to unbundle/itemise Infrastructure assets.		
		3)	The process of <b>allocating historical cost</b> to individual infrastructure assets will commence once assets have been itemized. This can be done by identifying and scrutinizing the relevant invoices on which expenses of the past has been incurred. Through this exercise the global amounts is unpacked and allocated to the individually significant assets within an Infrastructural asset. Assumptions will have to be made and implemented during this phase.		
		4)	Step 3 will only be possible if sufficient information is available, and if this can not be performed due to unavailability of relevant documents, an alternative method of establishing the cost of the individual assets should be considered. An available alternative is to value the individual infrastructural assets on the depreciated replacement cost method. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.		
		5)	After the Infrastructural assets have been divided into significant individual assets, the remaining life expectancy for these assets estimated and the costs allocated to individual assets, the backlog depreciation and annual depreciation can be calculated.		
		6)	The General/Ledger account for Infrastructural assets should be adjusted to align the accounts with the Asset Register after the action steps above have been concluded.		
		7)	The Annual Financial Statements as at 30 June 2008 should be corrected in accordance with the requirements of GRAP 3.		

**APPENDIX G****SWARTLAND MUNICIPALITY****IMPLEMENTATION PLAN IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Financial reporting</b>	<b>Extent of exemption from standard</b>	<b>Milestones to be achieved to comply with exemption</b>	<b>Person</b>	<b>Estimated</b>
SAICA circular 9/2006	The requirements of SAICA circular 9/06 may not have been considered by the municipality when recognising revenue income and costs of inventories.	<p>In terms of SAICA Circular 9/2006, settlement discounts receivable have to be estimated at date of purchase and the cost of the Inventory purchased should be reduced accordingly.</p> <ol style="list-style-type: none"> <li>1) A list of all purchases of inventories should be prepared, where the purchase has been paid for cash on delivery, and where cash discounts have been received.</li> <li>2) The municipality must ensure that these cash discounts have been deducted from the cost price of the inventories concerned.</li> <li>3) If these cash discounts have been accounted for as other income ensure that the other income is reversed to cost of inventories in respect of inventories that are still on hand and to inventories expensed in respect of inventories that have been sold or utilised by the municipality.</li> <li>4) A list should be prepared of all settlement discounts received for prompt settlement of creditors in respect of inventories purchased.</li> <li>5) The municipality must ensure that these settlement discounts have been deducted from the cost price of the inventories concerned.</li> <li>6) If these settlement discounts have been accounted for as other income ensure that the other income is reversed to cost of inventories in respect of inventories that are still on hand and to inventories expensed in respect of inventories that have been sold or utilised by the municipality.</li> </ol>	CF Gerber	30/06/2007

Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.
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**APPENDIX H****SWARTLAND MUNICIPALITY****ADJUSTMENTS TO ACHIEVE COMPLIANCE WITH THE EXEMPTED STANDARDS IN TERMS OF GENERAL NOTICE 522 OF 2007**

Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 522 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
GAMAP 09	Revenue	Initial measurement of fair value; discounting all future receipts using an imputed rate of return (GAMAP 9.12 and SAICA circular 9/06)	Y	<p>In terms of GAMAP 9 revenue is measured at the fair value of the consideration received. In most cases the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. Where the inflow of cash or cash equivalents is <b>deferred</b>, for example where the entity provides an interest free credit period to the purchaser the fair value of the revenue must then be determined by discounting all future receipts by using an imputed rate of interest.</p> <p>The municipality does not envisage entering into transactions where an interest free credit period is provided to the purchaser of services or goods from the municipality and therefore it is highly unlikely that the municipality will be faced with this type of transaction.</p>	No adjustments to the AFS are required.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP17.	Y	<p>Currently the municipality does not reflect land and buildings that will be sold within the next twelve months as inventories, but carries these items as part of PPE. The following implementation plans will need to be executed to ensure compliance with GAMAP 12:</p> <ol style="list-style-type: none"> <li>1) Ensure that all land and buildings under the control of the municipality are reflected on the Fixed asset Register of the municipality by implementing the action plans set out as points 1) to 4) for the section on Investment Property as set out below.</li> <li>2) Ensure that at the first balance sheet date that this specific requirement of GAMAP 12 will be implemented to show these assets as inventories, that all land and buildings that will be sold within the next twelve months are removed from the FAR and are reclassified as inventories.</li> <li>3) Ensure that these inventories are measured at the lower of cost price and NRV.</li> <li>4) Ensure that the necessary disclosure requirements relating to inventories of land and buildings are met.</li> </ol>	<p><b>The following adjustments will need to be made to the AFS to comply with accounting for inventories land and buildings in terms of GAMAP 12:</b></p> <ol style="list-style-type: none"> <li>1) The land and buildings will not be reflected as part of PPE (Non Current assets) on the Statement of Financial Position, but will be reflected as a current asset: inventories.</li> <li>2) If inventory of land and buildings, which is currently reflected as part of PPE is currently sold a gain or loss on disposal of PPE is reflected in the Statement of Financial Performance. When these items are reclassified as inventories and sold the Statement of Financial Performance will reflect the sales proceeds as well as the cost of inventories land and buildings disposed of as separate line items.</li> <li>3) The buildings which are currently shown as PPE, and which are depreciated will not be depreciated if they form part of inventories.</li> <li>4) The classes of inventories as recorded in the notes to the AFS will be expanded with another class, namely: inventories: land and buildings.</li> <li>5) The accounting policy note will have to be amended to set out how inventories: land and buildings are accounted for.</li> </ol>

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Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 522 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
		The entire standard as far as it relates to water stock that was not purchased by the municipality.	Y	<ol style="list-style-type: none"> <li>1) Ensure that systems are in place to determine what percentage of water on hand at year end has been purchased and what percentage has been produced (purified).</li> <li>2) Determine what valuation methodology will best serve to value water on hand at year end i.e. FIFO or weighted average.</li> <li>3) Value the purchased water at year end by utilising the FIFO methodology and multiplying purchased water on hand at year end with the latest purchase price.</li> <li>4) Value purified water on hand at year end by determining a production cost per unit of water purified and then applying this to the volume of purified water on hand at year end. The production cost per unit must be based on: <ul style="list-style-type: none"> <li>· Costs directly related to the units of production such as direct materials and direct labour. This could include expense items such as wage costs of plant workers and chemicals used in the production process.</li> <li>· A systematic allocation of fixed production overheads, which are indirect costs of production that remain relatively constant, regardless of the level of production, such as depreciation of manufacturing equipment and the production facility (water purification plant).</li> <li>· A systematic allocation of variable production overheads, which are indirect costs of production that vary in accordance with variances in the volume of production. Examples are indirect labour such as the salary of a factory foreman, and also indirect materials.</li> </ul> </li> </ol>	<p><b>The following adjustments will need to be made to the AFS to comply with accounting for purified water in terms of GAMAP 12:</b></p> <ol style="list-style-type: none"> <li>1) The value of inventories on the Statement of Financial Position will include purchased as well as purified water.</li> <li>2) The accounting policy should reflect the valuation methodology for purified and purchased water.</li> </ol>
GAMAP 17	Property, plant and equipment	Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 61, 77)	Y	<ol style="list-style-type: none"> <li>1) CFO to issue a memo to all departmental managers at year end to request them to ensure that the remaining useful life of all items of PPE as reflected for assets under their control per the FAR is realistic.</li> <li>2) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end.</li> <li>3) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.</li> </ol>	<p><b>The following adjustments will need to be made to the AFS if the review of useful lives of PPE result in a change in estimate.</b></p> <ol style="list-style-type: none"> <li>1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively.</li> <li>2) A note on the change in estimate will be disclosed if the change in estimate is material.</li> </ol>

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Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 522 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
		Review of depreciation method applied to PPE recognised in the annual financial statements(GAMAP 17.62, 77)	Y	<p>1) CFO to issue a memo to all departmental managers at year end to request them to ensure that the depreciation method used to depreciate all items of PPE as reflected as being under their control per the FAR is realistic.</p> <p>2) CFO to review the depreciation method used to depreciate different classes of assets annually to assess its applicability for each class of asset.</p> <p>3) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end.</p> <p>4) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.</p>	<p><b>The following adjustments will need to be made to the AFS if the review of depreciation methods of PPE results in a change in estimate.</b></p> <p>1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively.</p> <p>2) A note on the change in estimate will be disclosed if the change in estimate is material.</p>
		Impairment of non-cash generating assets (GAMAP 17.64 – 69, 75(e)(v) - (vi))	Y	<p>1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that:</p> <p>Ø Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end);</p> <p>Ø Are stolen at year end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft);</p> <p>Ø Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout);</p> <p>Ø Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.</p> <p>Ø Show that they are not performing according to their specifications or according to industry accepted norms.</p> <p>2) Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.</p>	<p><b>The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:</b></p> <p>1) The carrying amount of PPE will be reduced.</p> <p>2) The reconciliation between the opening and closing balance of the carrying amount of PPE will</p> <p>3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses.</p> <p>4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material.</p> <p>5) All disclosure requirements as required by IPSAS 21.</p>

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		Impairment of cash generating assets (GAMAP 17.63, 75(e)(v) – (vi))	Y	<p>1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that:</p> <ul style="list-style-type: none"> <li>Ø Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end);</li> <li>Ø Are stolen at year end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft);</li> <li>Ø Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout);</li> <li>Ø Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.</li> <li>Ø Show that they are not performing according to their specifications or according to industry accepted norms.</li> </ul> <p>Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.</p>	<p><b>The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:</b></p> <ol style="list-style-type: none"> <li>1) The carrying amount of PPE will be reduced.</li> <li>2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses.</li> <li>3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses.</li> <li>4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material.</li> <li>5) All disclosure requirements as required by IAS 36.</li> </ol>
IAS 11 AC 109	Construction contracts	Entire standard	Y	<p>1) The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities. Therefore it is estimated that the application of IAS 11 by the municipality will not be necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.</p>	<p>1) The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities. Therefore it is estimated that the application of IAS 11 by the municipality will not be necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.</p>

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IAS 14 AC 115	Segment reporting	Entire standard	Y	<ol style="list-style-type: none"> <li>1) Obtain an understanding of the definitions of business segments and geographical segments as set out in IAS 14.</li> <li>2) Determine the business and geographical segments of the municipality.</li> <li>3) Decide on the primary and secondary reporting formats for the entity. Therefore a decision must be made whether business is primary and geographical secondary or vice versa.</li> <li>4) Change the chart of accounts and accounting software package to ensure that the segmental revenue, expenses, results, assets and liabilities can be accounted for and presented in the AFS according to the primary and secondary reporting formats.</li> </ol>	<p><b>The AFS will have to be adjusted to ensure that the disclosure requirements of IAS 14.51 to .67 relating to segment information are met.</b></p> <p>The primary reporting format requires inter alia, disclosure of:</p> <ol style="list-style-type: none"> <li>1) Segment revenue for every reportable segment.</li> <li>2) Segment results for every reportable segment.</li> <li>3) Segment assets for every reportable segment.</li> <li>4) The total cost incurred during the period to acquire reportable segment long term assets.</li> <li>5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements.</li> </ol> <p>Based on the decision of the entity whether business or geographical segments are the primary reporting format, the secondary reporting format requirements as set out in IAS 14 will also need to be disclosed in the AFS.</p>

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IAS17 AC 105	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51 and SAICA circular 12/06.8 – 11)	Y	<ol style="list-style-type: none"> <li>1) The municipality must obtain copies of all existing current lease agreements.</li> <li>2) For each lease agreement the municipality must distinguish each lease as a Finance Leases or an Operating Lease.</li> <li>3) Assets held in terms of Finance Leases as defined in IAS 17 must be capitalised and subsequently depreciated and/or impaired.</li> <li>4) A complete Lease Contract Register must be kept to ensure the completeness of lease transactions.</li> <li>5) Operating Leases that have fluctuating payment arrangements must be identified and operating lease expenses that fall within this category must be straight-lined (smoothed).</li> </ol>	<p><b>The following adjustments will need to be made to the AFS if operating lease payments are straight lined as opposed to accounting for them based on cash flows:</b></p> <ol style="list-style-type: none"> <li>1) Currently, operating lease payments are accounted for based on the cash flows in the lease agreement and therefore the actual amount of lease instalments incurred per annum is recognised in the Statement of Financial Performance. Once straight lining is done the amount recognised in the Statement of Financial Performance will be the average annual instalment calculated over the entire lifespan of the lease. If the actual instalments in a year are more than the average instalment the difference will be shown either as a prepayment (debtor) in the AFS. If the actual instalments in a year are less than the average instalment the difference will be shown either as an accrual (creditor) in the AFS.</li> </ol>
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (q))	N	The municipality accounts for its defined benefit plans in accordance with the accounting treatment and disclosure requirements for the accounting for defined benefit plans as set out in IAS 19.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 19.

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IAS 20	Accounting for government grants	Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, 17.25 and 9.42 – 46.	Y	<p>1) Currently all conditional capital grants received for the purchase of PPE are accounted for in terms of the NT GRAP implementation</p> <p>2) On receipt of a conditional capital government grant the amount is banked and reflected as a current liability called Unspent Conditional Grants and Receipts. Once the amount is spent in accordance with the grant conditions a transfer is made from the current liability to the Statement of Financial Performance equal to the amount that has been spent during the financial year in accordance with the grant conditions. Thereafter an equal amount is transferred from the Accumulated Surplus to the Government Grant Reserve (GGR) on the statement of Changes in Net Assets. Annually an amount is transferred from this reserve to accumulated surplus equal to the amount of depreciation on assets funded from government grants. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).</p> <p>3) On the implementation of IAS 20, unbundled the GGR by transferring the balance to a deferred income account.</p> <p>4) For future depreciation charges in respect of assets that have a carrying amount equal to the deferred income account on the date of the unbundling of the GGR, ensure that an amount equal to the depreciation charge is transferred from deferred income to the Statement of Financial Performance.</p>	<p>1) Unbundle the balance on the GGR and transfer it to a deferred income account.</p> <p>2) Capital Grants utilised will no longer be transferred to a GGR via the Statement of Financial Performance and the Statement of Changes in Net Assets. Once an amount is utilised it will be transferred directly from the unspent capital conditional grants creditor to a creditor called deferred income. Therefore the GGR (Reserve) will be replaced by a creditor called deferred income.</p> <p>3) In future a transfer will be made from the deferred income account to the Statement of Financial Performance to annually offset the amount of depreciation in respect of assets funded from government grants. The GGR will no longer exist and therefore no transfer from the GGR to the accumulated surplus to offset depreciation will be made on the Statement of Changes in Net Assets.</p>

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IAS 36 (AC 128)	Impairment of assets	Entire standard	Y	<p>1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that:</p> <p>Ø Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end);</p> <p>Ø Are stolen at year end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft);</p> <p>Ø Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout);</p> <p>Ø Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.</p> <p>Ø Show that they are not performing according to their specifications or according to industry accepted norms.</p> <p>2) Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.</p>	<p><b>The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:</b></p> <p>1) The carrying amount of PPE will be reduced.</p> <p>2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses.</p> <p>3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses.</p> <p>4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material.</p> <p>5) All disclosure requirements as required by IAS 36.</p>
IAS 38 (AC 129)	Intangible assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed	Y	<p>1) Ensure that all assets that meet the definition of an intangible asset and the recognition criteria for an asset are identified by scrutinising the FAR and capital purchases file.</p> <p>2) Ensure that all intangible assets identified are measured initially at their cost price. <b>Examples</b> of items which may meet the definition of an intangible asset in the municipal environment are:</p> <ul style="list-style-type: none"> <li>· The cost of the General Valuation Roll</li> <li>· A license fee for operating a tip site, where the fee grants to the municipality the right to operate the tip site for a period of longer than one year.</li> </ul>	<p><b>The following adjustments will need to be made to the AFS if intangible assets are accounted for in terms of IAS 38:</b></p> <p>1) If any intangible assets are currently classified as part of PPE, then the application of IAS 38 will lead to a reclassification of these items as intangible assets, with a new line item called intangible assets being reflected on the Statement of Financial Position. This will result in a reduction in the carrying amount of PPE and an increase in a new asset called intangible assets.</p>

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				<p>3) Ensure that the necessary procedures are put in place to ensure the proper accounting treatment of Intangible assets after initial recognition to deal with the accounting for subsequent expenditure, amortisation, review of useful lives of intangible assets, retirements and disposals of intangible assets and internally generated intangible assets.</p>	<p>2) In future a new expense item will be reflected in the Statement of Financial Performance called amortisation, which reflects the amount of “depreciation” on the intangible assets for the year.</p> <p>3) If intangible assets have been incorrectly expensed in the past this can be regarded as a prior period error and should be corrected retrospectively by applying GRAP 3. This will lead to a restatement (increase) of the opening balance of the Accumulated Surplus Account as well as an increase in the Asset Value on the Statement of Financial Position of the Municipality.</p> <p>4) An accounting policy note related to the accounting treatment of Intangible assets will need to be developed and disclosed.</p> <p>5) The municipality shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:</p> <p>(a) The useful lives or the amortisation rates used;</p> <p>(b) The amortisation methods used for intangible assets with finite useful lives;</p> <p>(c) The gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period;</p> <p>(d) The line item(s) of the Statement of Financial Performance in which any amortisation of intangible assets is included;</p>

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					<p>(e) A reconciliation of the carrying amount at the beginning and end of the period showing:</p> <p>(i) Additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations;</p> <p>(ii) Any amortisation recognised during the period;</p> <p>6) The municipality shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period.</p> <p>7) The municipality shall give a description of any fully amortised intangible asset that is still in use.</p> <p>8) The municipality shall also disclose the following:</p> <ul style="list-style-type: none"> <li>· A description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements.</li> <li>· For intangible assets acquired by way of a government grant and initially recognised at fair value: <ul style="list-style-type: none"> <li>(i) The fair value initially recognised for these assets;</li> <li>(ii) Their carrying amount; and</li> <li>(iii) Whether they are measured after recognition under the cost model or the revaluation model.</li> </ul> </li> <li>· The amount of contractual commitments for the acquisition of intangible assets.</li> </ul>

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IAS 39 (AC 133)	Financial instruments: recognition and measurement	Initially measuring financial assets and liabilities at fair value (IAS 39.43, AG79, AG64 – AG65 and SAICA circular 9/06)	N	All the applicable sections regarding the accounting recognition and measurement requirements relating to Financial Instruments as set out in IAS 39 are adhered to by the municipality.	No adjustments will need to be made to the AFS as the municipality already fully complies with the requirements of IAS39.
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	Y	<ol style="list-style-type: none"> <li>1) Prepare a list of all possible names under which property belonging to the municipality could have been registered in the past.</li> <li>2) Perform a title deeds search using all these names mentioned in 1) above to identify all land and buildings under the control of the municipality.</li> <li>3) Compare the results of the title deeds search to the Fixed Asset Register and the Valuation roll and adjust the FAR to reflect all land and buildings under the control of the municipality.</li> <li>4) Value all land and buildings, which were previously not reflected on the FAR at fair value where historical cost prices and acquisition dates are unknown.</li> <li>5) Identify and reclassify as Investment Property (IP) all land and buildings reflected on the updated FAR meeting the definition of Investment Property as per IAS 40.</li> <li>6) Decide on an accounting policy for the subsequent measurement of IP i.e. cost price less accumulated depreciation or Fair Value.</li> <li>7) Ensure that the necessary procedures are put in place to ensure the proper accounting treatment of IP after initial recognition to deal with the accounting for subsequent expenditure, disposal of IP, transfers of IP, Fair value increases etc.</li> </ol>	<p><b>The following adjustments will need to be made to the AFS if IAS 40 is implemented and if IP is measured at Fair Value.</b></p> <ul style="list-style-type: none"> <li>· The criteria developed by the municipality to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations;</li> <li>· The methods and significant assumptions applied in determining the fair value of investment property.</li> <li>· The extent to which the fair value of investment property is based on a valuation by an independent valuer.</li> <li>· The amounts included in the statement of financial performance for: <ol style="list-style-type: none"> <li>(a) Rental revenue from investment property;</li> <li>(b) Direct operating expenses arising from investment property that <b>generated rental revenue</b> during the period; and</li> <li>(c) Direct operating expenses arising from investment property that <b>did not generate rental revenue</b> during the period;</li> <li>(d) Fair value increases in IP</li> </ol> </li> <li>· The existence and amounts of restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal;</li> <li>· Material contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements;</li> </ul>

APPENDIX HSWARTLAND MUNICIPALITYADJUSTMENTS TO ACHIEVE COMPLIANCE WITH THE EXEMPTED STANDARDS IN TERMS OF GENERAL NOTICE 522 OF 2007

Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
					<ul style="list-style-type: none"> <li>· A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following <ul style="list-style-type: none"> <li>(a) Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalized subsequent expenditure;</li> <li>(b) Additions resulting from acquisitions through municipality combinations;</li> <li>(c) Disposals;</li> <li>(d) Net gains or losses from fair value adjustments;</li> <li>(e) Transfers to and from inventories and owner-occupied property; and</li> <li>(f) Other movements.</li> </ul> </li> </ul> <p><b>The following adjustments will need to be made to the AFS if IAS 40 is implemented and if IP is measured at Cost Price less accumulated depreciation.</b></p> <p>If the municipality elects to reflect all of its investment properties <b>at cost less accumulated depreciation</b>, ensure disclosure in the AFS of the following information, in addition to any relevant information required by the disclosure requirements relating to IP at fair value as set out above :</p> <ul style="list-style-type: none"> <li>· The depreciation methods used;</li> <li>· The useful lives or the depreciation rates used;</li> <li>· The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;</li> </ul>

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Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
					<ul style="list-style-type: none"> <li>· A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following (comparative information is not required):               <ul style="list-style-type: none"> <li>(i) Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalized subsequent expenditure;</li> <li>(ii) Additions resulting from acquisitions through municipality combinations;</li> <li>(iii) Disposals;</li> <li>(iv) Depreciation;</li> <li>(v) The amount of impairment losses recognized, and the amount of impairment losses reversed, during the period;</li> <li>(vi) The net exchange differences arising on the translation of the financial statements of a foreign municipality;</li> <li>(vii) Transfers to and from inventories and owner – occupied property; and</li> <li>(viii) Other movements; and</li> </ul> </li> <li>· The fair value of investment property. In the exceptional cases , when the municipality cannot determine the fair value of the investment property reliably, the municipality should disclose:               <ul style="list-style-type: none"> <li>(i) A description of the investment property;</li> <li>(ii) An explanation of why fair value cannot be determined reliably; and</li> <li>(iii) If possible, the range of estimates within which fair value is highly likely to lie.</li> </ul> </li> </ul>

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Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
		Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard (IAS 40.79(e)(i) – (iii))	Y	1) Ensure that, even if IP is reflected at cost procedures are put in place to obtain the Fair Value of IP at each Balance Sheet date for inclusion in the notes to the AFS.	1) The disclosure notes relating to IP would provide an indication of the Fair Value of IP which is carried at cost price less accumulated depreciation on the face of the Statement of Financial Position.
IFRS 3 (AC 140)	Business combinations	Entire standard	N	1) It is highly likely that the most relevant section of IAS 40 to the municipality is the accounting treatment of goodwill.  2) Goodwill is measured and accounted for by the municipality in accordance with the requirements of IFRS 3.	1) No adjustments will need to be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 3.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)	Y	1) Print-outs of the FAR per department must be made and distributed to the Heads of every department. The Heads of departments must scrutinise the FAR applicable to their department and identify assets that meet the criteria for non-current assets held for sale as set out by IFRS 5.6 to .11.  2) The Heads of departments must return the departmental FAR, to the CFO and indicate the assets that meet the above mentioned criteria.  3) CFO must ensure that every department returned the departmental-FAR and ensure that it has been signed-off as proof that it has been reviewed.  4) Scrutinise the fixed asset votes in the GL after year-end up to the date when the financial statements are prepared, to identify assets that are sold after year-end and meet the IFRS 5.6 to 11 requirements at year end. Ensure that these assets are classified as Non-current assets held for sale in the Financial Statements for the year under review.  5) Measure and disclose the Non Current Assets held for Sale in accordance with IFRS 5 requirements.	1) Non Current Assets held for sale will no longer be recorded as part of PPE and will not necessarily be carried at cost less accumulated depreciation.  2) No current assets held for sale will be recorded as such as part of current assets and will be recorded at the lower of carrying amount and fair value less costs to sell.  3) Impairment losses in respect of non current assets held for sale will be recorded in the Statement of Financial Performance if such impairment losses exist.
IFRS 7 (AC 144)	Financial instruments: disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	N	All the applicable sections regarding the disclosure requirements relating to Financial Instruments as set out in IFRS 7 are adhered to by the municipality.	No adjustments will need to be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 7.