



CAPE WINELANDS DISTRICT

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CAPE WINELANDS DISTRICT MUNICIPALITY
Annual financial statements
for the year ended 30 June 2009

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

General Information

Mayoral committee

Executive Mayor

Cllr. C.W. JOHNSON

Cllr. L.E.J. JANTJIES

Cllr. C.C.BRINK

Cllr. C.G. DU PLESSIS

Cllr. Z.J. MTHINI

Cllr. S. SWANGAZA

Cllr. N.D. HANI (Speaker)

Cllr. E.N. BUSHWANA

Councillors

ALD. (Dr.) N.E. KAHLBERG

Ald. D.J. OOSTHUIZEN

Cllr. A.M. DU TOIT

Cllr. A.N. MHLAMBENI

Cllr.C. DU PLESSIS

Cllr. C. PHILANDER

Cllr. C.A. DE BRUYN

Cllr. C.C. BRINK

Cllr. C.G. DU PLESSIS

Cllr. E.J. VAN ZYL

Cllr. E.N. BUSHWANA

Cllr. H.J. SMIT

Cllr. H.M. JANSEN

Cllr. J. THOMAS

Cllr. J.F. NEL

Cllr. J.I.K. GAGIANO

Cllr. J.J. ABRAHAMS

Cllr. L. RICHARDS

Cllr. L. SIWAKAMISA

Cllr. L.N. MBESHU

Cllr. M.M. SMITH

Cllr. P.B.B. DU TOIT

Cllr. P.W. BISCOMBE

Cllr. P.X. SWANGAZA

Cllr. R. BRAND

Cllr. S. GELDENHUYS

Cllr. S. ROSS

Cllr. S.W. VAN EEDEN

Cllr. Z.J. MTHINI

Cllr. A. TITUS

Cllr. B.E. VOS

Grading of local authority

GRADE 9

Accounting Officer

M MGAJO

Chief Finance Officer (CFO)

J. G. MARAIS

Registered office

46 ALEXANDER STREET

STELLENBOSCH

7600

Business address

46 ALEXANDER STREET

CAPE WINELANDS DISTRICT MUNICIPALITY

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General Information

	STELLENBOSCH 7600
Postal address	P.O. BOX 100 STELLENBOSCH 7599
Bankers	ABSA
Auditors	AUDITOR GENERAL

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council

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MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2010 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on pages 7 to 59, which have been prepared on the going concern basis, were approved by the accounting officer on 28 August 2009 and were signed on its behalf by:


Accounting Officer

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Statement of Financial Position

	Note(s)	2009 R	2008 R
Assets			
Current Assets			
Inventories	7	1,551,426	1,947,780
Other financial assets	5	41,241	61,687
Other Debtors	8	10,322,423	9,749,382
Consumer debtors	9	10,027,749	24,768,456
Cash and cash equivalents	10	351,387,867	327,524,263
		373,330,706	364,051,568
Non-Current Assets			
Property, plant and equipment	4	172,526,869	164,255,399
Other financial assets	5	-	192,911
		172,526,869	164,448,310
Non-Current Assets		172,526,869	164,448,310
Current Assets		373,330,706	364,051,568
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		545,857,575	528,499,878
Liabilities			
Current Liabilities			
Creditors	17	15,109,829	24,562,754
Taxes and transfers payable	18	38,869,898	39,945,156
Unspent conditional grants and Receipts	15	9,014,373	15,092,628
Provisions	16	10,843,000	9,916,819
		73,837,100	89,517,357
Non-Current Liabilities			
Provisions	16	85,320,746	83,684,089
Non-Current Liabilities		85,320,746	83,684,089
Current Liabilities		73,837,100	89,517,357
Liabilities of disposal groups		-	-
Total Liabilities		159,157,846	173,201,446
Assets		545,857,575	528,499,878
Liabilities		(159,157,846)	(173,201,446)
Net Assets		386,699,729	355,298,432
Net Assets			
Reserves			
Revaluation reserve	11	120,815,895	101,882,386
Capital replacement reserve	13	83,114,158	21,255,016
Government grant reserve	14	2,128,393	5,616,240
Accumulated surplus		180,641,283	226,544,790
Total Net Assets		386,699,729	355,298,432

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Annual Financial Statements for the year ended 30 June 2009

Statement of Financial Performance

	Note(s)	2009 R	2008 R
Revenue			
Property rates	20	926,987	824,705
Service charges	21	3,333,448	3,973,783
Regional Services Council Levies	22	-	291,947,735
Property rates - penalties imposed and collection		72,589	57,631
Rental Income		105,121	73,982
Interest received		35,008,052	88,916,714
Income from agency services		66,379,376	61,342,967
Government grants	23	193,638,509	165,741,535
Contribution from Surplus		11,679,024	-
Other income	39	4,718,124	7,123,034
Interest received - investment	29	45,638,005	38,128,613
Total Revenue		361,499,235	658,130,699
Expenditure			
Employee related costs	25	(80,700,572)	(69,986,578)
Remuneration of councillors	26	(6,140,707)	(5,878,941)
Medical Aid Liability	27	(1,500,000)	(4,924,253)
Depreciation and amortisation	30	(35,174,509)	(8,060,893)
Finance costs	31	(3,914,117)	(10,008,188)
Debt impairment	28	(52,167,291)	(399,022,187)
Repairs and maintenance		(67,478,831)	(62,980,915)
General Expenses	24	(106,904,661)	(87,030,264)
Total Expenditure		(353,980,688)	(647,892,219)
Gains on disposal of assets		30,770	1,278,781
Revenue		361,499,235	658,130,699
Expenditure		(353,980,688)	(647,892,219)
Other		30,770	1,278,781
Surplus for the year		7,549,317	11,517,261
Attributable to:			
Net Asset holders of the controlling entity		7,549,317	11,517,261

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Statement of Changes in Net Assets

	Share capital / contributions from owners R	Revaluation reserve R	Capital replacement reserve R	Government grant reserve R	Total reserves R	Accumulated surplus R	Total net assets R
Balance at 01 July 2008	-	99,627,397	31,446,637	5,460,113	136,534,147	198,199,159	334,733,306
Changes in net assets							
Surplus for the year	-	-	-	-	-	11,517,261	11,517,261
Prior year adjustments	-	-	-	-	-	8,674,625	8,674,625
Revaluation of Property	-	373,241	-	-	373,241	-	373,241
Property, Plant and Equipment purchased	-	-	(10,191,621)	-	(10,191,621)	10,191,621	-
Capital Grant used to purchase PPE	-	-	-	376,712	376,712	(376,713)	(1)
Offsetting of Depreciation	-	1,881,748	-	(220,585)	1,661,163	(1,661,163)	-
Total changes	-	2,254,989	(10,191,621)	156,127	(7,780,505)	28,345,631	20,565,126
Balance at 01 July 2008	-	101,882,386	21,255,016	5,616,240	128,753,642	226,544,790	355,298,432
Changes in net assets							
Surplus for the year	-	-	-	-	-	7,549,317	7,549,317
Transfer to CRR	-	-	-	-	-	(75,000,000)	(75,000,000)
PPE Purchased	-	-	-	-	-	13,140,858	13,140,858
Offsetting of Depreciation	-	-	-	-	-	37,433,199	37,433,199
Receipts to NDR	-	56,459,414	-	869,026	57,328,440	-	57,328,440
Prior Year Adjustments	-	-	-	-	-	(17,815,141)	(17,815,141)
Transfer to Income Statement	-	(37,525,905)	-	(4,356,873)	(41,882,778)	-	(41,882,778)
Contributions Received	-	-	75,000,000	-	75,000,000	-	75,000,000
Cash Utilised	-	-	(13,140,858)	-	(13,140,858)	-	(13,140,858)
Other	-	-	-	-	-	(11,211,740)	(11,211,740)
Total changes	-	18,933,509	61,859,142	(3,487,847)	77,304,804	(45,903,507)	31,401,297
Balance at 30 June 2009	-	120,815,895	83,114,158	2,128,393	206,058,446	180,641,283	386,699,729
Note(s)		11	13	14			

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Annual Financial Statements for the year ended 30 June 2009

Cash Flow Statement

	Note(s)	2009 R	2008 R
Cash flows from operating activities			
Cash used in operations	33	(37,508,218)	(65,648,189)
Interest income		45,638,005	38,128,613
Interest received		35,008,052	88,916,714
Finance costs		(3,914,117)	-
Net cash from operating activities		39,223,722	61,397,138
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(16,916,523)	(10,774,124)
Sale of property, plant and equipment	4	1,343,048	(5,667,392)
Net cash from investing activities		(15,360,118)	(15,783,891)
Total cash movement for the year		23,863,604	45,613,247
Cash at the beginning of the year		327,524,263	281,911,016
Net increase (decrease) in cash and cash equivalents	10	351,387,867	327,524,263

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Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) prescribed by the Minister of Finance in terms of Notices 991 and 992 in Government Gazette 28095 and notice 516 in Government Gazette 31021.

The standards are summarised as follows:

Standard of GRAP

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate financial statements.
GRAP 7	Investments in associates
GRAP 8	Investments in joint ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Asset held for sale and discontinued operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with Paragraphs 7, 11 and 12 of GRAP 3. Where a standard of GRAP that has been issued by the Accounting Standards Board, but for which an effective date has not yet been determined by the Minister of Finance, accounting policies were developed based on the relevant GRAP standard.

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

Operating lease commitments – Municipality as lessor

Should the Municipality should enter into commercial property leases on its investment property portfolio, the Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

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

Property, plant and equipment

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

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Accounting Policies

expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in Note 17. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Held-to-maturity financial assets

Management has reviewed the held-to-maturity financial assets in the light of its capital management and liquidity requirements, and has confirmed the positive intention and ability to hold those assets to maturity.

1.1 Going Concern Assumption

These annual financial statements are prepared on the going concern basis.

In finalising the financial statements, management must in terms of GRAP 1 disclose any material uncertainties related to events or conditions, which may cast significant doubt upon the organisation's ability to continue as a going concern. The determination whether the going concern assumption is appropriate is primarily relevant for individual entities rather than for a government as a whole.

The primary source of revenue for the Cape Winelands District Municipality is transfer payments from the National Government. The following National allocations were made to Cape Winelands District Municipality:

2007/2008 Financial Year	R148 960 000
2008/2009 Financial Year	R168 283 000
2009/2010 Financial Year	R187 083 000
2010/2011 Financial Year	R194 870 000

The abovementioned allocations are sufficient for the sustainability of the District Municipality. An alternative source of income should be explored to reduce the dependency of the District Municipality on National funds.

1.2 Housing development fund

Should Council establish a Housing Development Fund, it should be accounted for as set out below:

The Housing Development Fund was established in terms of the Housing Act (Act No. 107 of 1997)

Sections 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, required that the municipality maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

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

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

- The Housing Development Fund is cash backed, and invested in accordance with the investment policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Housing.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

1.3 Internal Reserves

Government grant reserve

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

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Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.3 Internal Reserves (continued)

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

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.

Donations and public contributions reserve

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

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

Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment 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.

1.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, or at fair value where assets have been acquired by grant or donation.

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

- Heritage assets : Building in 46 Alexander street, was declared as an Provincial Heritage site on 8 September 1967.

Land is also not depreciated, as it is deemed to have an indefinite life.

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

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

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

Depreciation and impairment losses

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:

Item	Average useful life
Buildings	30-40
Specialist plant & equipment	10-15

CAPE WINELANDS DISTRICT MUNICIPALITY

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Accounting Policies

1.4 Property, plant and equipment (continued)

Furniture and Fittings	5-10
Other vehicles	5-10
Office equipment & Air Conditioners	3-5
Other Plant & Equipment	5-10
Specialised vehicles	10-15

In the case of vehicles Depreciation is calculated on cost less residual values, using the straight line method, over the estimated useful lives of the assets. The Auto Dealers Guide was used to determine the following percentages for residual values:

Motor Cars	40
LDV's	50
Combi's	30
Specialized Fire Vehicles	60

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

Impairment of property, plant and equipment

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

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

1.5 Investment property

Investment properties are held to earn rental income, and for capital appreciation, and are stated at cost less accumulated depreciation. Investment properties are written down for impairment where considered necessary. Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.t

Investment properties are held to earn rental income, and for capital appreciation, and are stated at cost less accumulated depreciation. Investment properties are written down for impairment where considered necessary. Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.

1.6 Intangible assets

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Municipality recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Municipality, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Direct computer software development costs recognised as assets are amortised on the straight-line basis over the useful lives of the assets estimated at three to five years.

1.7 Non - current assets held - for - sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition applies only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Assets classified as held-for-sale are measured at the lower of the asset's carrying amount or fair value less cost to sell.

1.8 Financial instruments

CAPE WINELANDS DISTRICT MUNICIPALITY

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Accounting Policies

1.8 Financial instruments (continued)

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

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

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Municipality has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market price in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Held-for-trading financial assets include derivative financial instruments used by the Municipality to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Initial recognition and measurement

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

Financial instruments are recognised when the Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value plus, in the case of a financial asset or liability not at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Municipality has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expire.

Impairment of trade receivables

Trade and other receivables are recognised initially at fair value, and subsequently stated at amortised cost, less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary dedicated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.8 Financial instruments (continued)

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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 investment in financial instruments, net of bank overdrafts.

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

Bank overdraft and borrowings

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

Financial liabilities and equity instruments

The Municipality measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

1.9 Inventories

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the weighted average basis, and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

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

Redundant and slow moving inventories are identified and written down to their estimated net realisable values. Consumables are written down according to their age, condition and utility.

1.10 Revenue Recognition

Revenue excluding value-added taxation where applicable is derived from a variety of sources which include rates levied in the District Management Area, Grants from other spheres of Government, RSC Levies and other services provided. Revenue is Recognised when it is Probable that future Economic Benefits or Service potential will flow to the Municipality and these benefits can be measured reliably.

Revenue from exchange transaction

- The Regional Establishment Levy and Regional Services Levy are recognized at the time of receipt. Levies that must be recognised are calculated as a percentage of turnover and remuneration. RSC Levies have been phased out at 30 June 2008.
- Revenue from rates in the DMA is recognised when the Legal Entitlement to this revenue arises. Rates are levied on the land and improvements value of property. The DMA has been transferred to certain local municipalities as determined by the Demarcation Board, therefore council will not account for Revenue from Rates as from the 01 July 2009.
- Income in respect of housing rental and instalments sales agreements is accrued monthly in terms of the agreement.
- Government grants and public contributions are recognised as revenue when all conditions associated with the

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.10 Revenue Recognition (continued)

grant have been met.

- Interest earned on unutilised conditional grants is allocated directly to the Statement of Financial Performance. Then the interest is allocated to the creditor: Unspent Conditional Grants, if the grant conditions indicate that interest is payable to the funder.
- Interest on outstanding debtors is recognised on a time proportionate basis and is charged on all outstanding debtors older than 30 days.
- Collection charges are recognized when such amounts are legally enforceable.
- Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.
- Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant authorized tariff. This includes the issuing of licenses and permits.
- Various services are provided on a prepayment basis, in which case no formal billing takes place, and revenue is recognised when received.
- 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 control over the goods sold.
 - The amount of revenue can be measured reliably.
 - The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

Revenue from non-exchange transactions

- Donations are recognised on a cash receipt basis, or at fair value, or where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Municipality.
- Income 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 probable.

1.11 Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.12 Conditional Grants and receipts

Income received from conditional grants, donations and subsidies is recognised 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 and funds invested until it is utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

Grants and receipts of a capital nature

Income is transferred to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.13 Provisions and contingencies

A provision is recognised when the Municipality has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost.

Provision for Performance Bonuses

The Municipality makes provision for bonuses payable owing to officials in terms of performance agreements.

Provision for Bonuses

Provision is made for unpaid bonuses payable to officials in their next bonus cycle prorata to the end of the financial year.

1.14 Environmental Rehabilitation Provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that do not relate to the initial related asset are charged to the Statement of Financial Performance.

1.15 Employee Benefits

Short-term employee benefits

The cost of all short-term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related service. The Municipality recognises the expected cost of performance bonuses only when the Municipality has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

The Municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Post-retirement pension funds

Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Municipality contributes monthly to the funds.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the liabilities.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the unrecognised actuarial gains and losses, and past service costs.

Actuarial gains or losses are accounted for using the 'corridor method'. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10% of the present value of the gross defined benefit obligations in the scheme. Actuarial gains and losses exceeding 10% are spread over the expected average remaining working lives of the employees participating in the scheme. Actuarial valuations are performed annually.

Medical aid: continued members

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.15 Employee Benefits (continued)

or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable.

Other post retirement obligations

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. 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 such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Municipality for the remaining 70%. Under an accrued rights position agreed to by Council, the age of internally appointed staff under the Municipality's new conditions of service determines, on a sliding-scale basis, the post-retirement subsidy for medical aid. External appointments do not qualify for a post-retirement medical aid subsidy.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution. In addition, the Municipality will contribute annually for the next five years, with effect from 1 July 2003, towards funding the unrecognised transitional liability that was calculated by means of the projected unit credit actuarial valuation method.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the unrecognised actuarial gains and losses, and past service costs.

Actuarial gains or losses are accounted for using the 'corridor method'. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10% of the present value of the gross defined benefit obligations in the scheme. Actuarial gains and losses exceeding 10% are spread over the expected average remaining working lives of the employees participating in the scheme. Actuarial valuations are performed annually.

1.16 Leases

Finance leases – 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.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent, and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. 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.

Municipality as lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Operating leases – lessee

Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.17 Grants-In-Aid

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

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

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

1.18 Tax

The Municipality accounts for value-added tax on the payment basis.

1.19 Unauthorised expenditure

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

1.20 Irregular expenditure

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

1.21 Fruitless and wasteful expenditure

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

1.22 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at balance sheet date by applying the exchange rate at that date. Exchange differences arising from the settlement of creditors, or on reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or as expenses in the period in which they arise. Council is considering the necessity to take out forward cover before entering into foreign exchange transactions in order to avoid possible losses due to fluctuation in exchange rates.

1.23 Borrowing costs

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed, and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the Statement of Financial Performance.

1.24 Segmental Information

The principal segments have been identified on a primary basis by service operation and on a secondary basis by the classification of income and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of income and expenditure.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.25 Community Support

The Cape Winelands District Municipality annually awards grants to organisations in terms of section 67 of the MFMA. When making these transfers, Council does not:

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

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

In order to comply with the MFMA section 67(4)(a) a limit of R30 000 was approved by Council.

1.26 Comparative figures

Comparative figures are re-classified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

2009	2008
R	R

2. Changes in accounting policy

Council implemented GRAP in 2004/2005. Since then no changes were made that had a material impact on the annual financial statements

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

3.2 Standards and interpretations not yet effective

The municipality has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2009 or later periods:

3.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2009 or later periods but are not relevant to its operations:

IFRIC 12 (AC 445) Service Concession Arrangements

The interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads. The interpretation states that for arrangements falling within its scope (essentially those where the infrastructure assets are not controlled by the operator), the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator will recognise:

- A financial asset where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement, or
- An intangible asset where the operator's future cash flows are not specified, for example where they will vary according to usage of the infrastructure asset, or
- Both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

The effective date of the interpretation is for years beginning on or after 01 January 2008.

The municipality has adopted the interpretation for the first time in the 2009 annual financial statements.

The impact of the interpretation is set out in note 2 Changes in Accounting Policy.

IFRIC 14 (AC 447) IAS 19 - The Limitation on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The interpretation addresses the limitation of a defined benefit asset in accordance with paragraph 58 of IAS 19 (AC 116) Employee Benefits. The interpretation provides guidance in the determination of the amount of economic benefits available in the form of refunds and reductions in future contributions, which will affect the maximum amount which may be measured as a defined benefit asset.

The effective date of the interpretation is for years beginning on or after 01 January 2008.

The municipality has adopted the interpretation for the first time in the 2009 annual financial statements.

IAS 32 (AC 125) Financial Instruments: Presentation and IAS 1 (AC 101) Presentation of Financial Statements Amendment: Puttable Financial Instruments and obligations Arising on Liquidation

The revision requires that certain puttable financial instruments and other instruments that impose on the entity an obligation to deliver a pro rata share of the net assets of the entity on liquidation should be classified as equity if certain conditions are met. Any classifications of such items are to be disclosed in the financial statements, together with information concerning the entity's objectives and policies with regards to managing such obligations.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after 01 January 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirement of IAS 1 (AC 101) Presentation of Financial Statements which precludes the offsetting of income and expenses.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 19 (AC 116) Employee Benefits

With regards to curtailments and negative past service costs clarification has been made that:

- When a plan amendment reduces benefits, the effect of the reduction for future service is a curtailment and the effect of any reduction for past service is a negative past service cost;
- Negative past service cost arises when a change in the benefits attributable to past service results in a reduction in the present value of the defined benefit obligation; and
- A curtailment may arise from a reduction in the extent to which future salary increases are linked to the benefits payable for past service.

The definition of 'return on plan assets' has also been amended to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the actuarial assumptions used to measure the defined benefit obligation.

The term "fall due" in the definition of "short term employee benefits" has been replaced with "due to be settled"

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures; IAS 32 (AC 125) Financial Instruments: Presentation; IAS 28 (AC 110) Investments in Associates and IAS 31 (AC 119) Interests in Joint Ventures

The amendment adjusted the disclosure requirements of investments in associates and interests in joint ventures which have been designated as at fair value through profit or loss or are classified as held for trading. The amendment provides that only certain specific disclosure requirements of IAS 28 (AC 110) Investments in Associates and IAS 31 (AC 119) Interests in Joint Ventures are required together with the disclosures of IFRS 7 (AC 144) Financial Instruments: Disclosures; IAS 32 (AC 125) Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 (AC 128) Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 39 (AC 133) Financial Instruments: Recognition and Measurement

IAS 39 (AC 133) prohibits the classification of financial instruments into or out of the fair value through profit or loss category after initial recognition. The amendments set out a number of changes in circumstances that are not considered to be reclassifications for this purpose.

The amendments have also removed references to the designation of hedging instruments at the segment level.

The amendments further clarify that the revised effective interest rate calculated when fair value hedge accounting ceases, in accordance with paragraph 92 IAS 39 (AC 133) should be used for the remeasurement of the hedged item when paragraph AG8 of IAS 39 (AC 133) is applicable.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

IAS 36 (AC 128) Impairment of Assets: Consequential amendments

Under certain circumstances, a dividend received from a subsidiary, associate or joint venture could be an indicator of impairment. This occurs when:

- Carrying amount of investment in separate financial statements is greater than carrying amount of investee's net assets including goodwill in consolidated financial statements or
- Dividend exceeds total comprehensive income of investee in period dividend is declared.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

IFRS 3 (AC 140) (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time in the 2009 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IAS 12 (AC 102) Income Taxes – consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality expects to adopt the amendment for the first time in the 2009 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 5 (AC 142) Non-current Assets Held for Sale and Discontinued Operations

The amendment clarifies that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality expects to adopt the amendment for the first time in the 2009 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

IAS 39 (AC 133) Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

The amendment provides clarification on two hedge accounting issues:

- Inflation in a financial hedged item and
- A one sided risk in a hedged item.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality expects to adopt the amendment for the first time in the 2009 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

Amendment to IAS 39 (AC 133) and IFRS 7 (AC 144): Reclassification of Financial Assets

The amendment permits an entity to reclassify certain financial assets out of the fair value through profit or loss category if certain stringent conditions are met. It also permits an entity to transfer from the available for sale category to loans and receivables under certain circumstances. Additional disclosures are required in the event of any of these reclassifications.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality expects to adopt the amendment for the first time in the 2009 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 4: The Effects of Changes in Foreign Exchange Rates

The initial application of GRAP 4 will have no impact on the annual financial statements.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application on the initial adoption of the Standard except for the acquisition of foreign operations.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 5: Borrowing Costs

This Standard allows entities, in the exceptionally rare cases, to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. This applies when it is inappropriate to capitalise borrowing costs.

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of an entity directly to the nature of the expenditure to be funded i.e. capital or current. In such cases, an entity shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires only prospective application of the Standard and only will apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 6: Consolidated and Separate Financial Statements

GRAP 6 includes specific guidance on whether control exists and on power conditions to determine whether control exists in a public sector context – public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6.

GRAP 6 includes specific guidance and explanatory material on the accounting of special purpose entities adopted from SIC 12 – SA specific public sector amendment. Public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6.

The initial application of GRAP 6 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective

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Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 7: Investments in Associates

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The investor must exercise judgement in the context of all available information to determine if it has significant influence over an investee.

An investor accounts for investments in associates in the consolidated annual financial statements using the equity method.

The initial application of GRAP 7 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 8: Interests in Joint Ventures

GRAP 8 uses a different definition for joint venture and joint control – contractual arrangement has been replaced by binding arrangement (public sector amendment) – public entities need to review current arrangements to determine whether they fall within the scope of GRAP 8 as a result of the public sector amendment.

Applying the definition of joint control as defined in this Standard may result in the identification of other entities that are also jointly controlled ventures in addition to those identified by complying with applicable legislation.

CAPE WINELANDS DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

GRAP 8 incorporates guidance adopted from SIC13 on Non-monetary Contributions by ventures issued by the IASB i.e. provisions for accounting for non-monetary contributions to a jointly controlled entity in exchange for an equity interest in the jointly controlled entity that is accounted for using either the equity method or proportionate consolidation. (Par.57-62).

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity or proportionate consolidation method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity or proportionate consolidation method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 9: Revenue from Exchange Transactions

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Entities may derive revenue from exchange or non-exchange transactions.

An exchange transaction is one in which the entity receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value in exchange.

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

GRAP 9 clarifies that this Standard only applies to revenue from exchange transactions.

Other than terminology difference, no affect on initial adoption of Standard on GRAP 9.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 10: Financial Reporting in Hyperinflationary Economies

GRAP 10 includes additional guidance as adopted from Financial Reporting in Hyperinflationary Economies (IFRIC 7) on Applying the Restatement Approach.

The initial application of GRAP 4 will have no impact on the annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 11: Construction Contracts

The definition for "construction contract" was expanded by including a binding arrangement that do not take the form of a legal contract within the scope of the Standard.

Definition for "cost plus or cost based contract" has been expanded to include commercially-based contract.

The scope has been expanded to include cost based and non-commercial contracts.

Public entities need to review contracts to determine whether they fall within the scope of the Standard based on the above changes.

GRAP 11 incorporates the concept of service potential in the condition to determine whether the outcome of a construction contract can be estimated reliably. The requirement to recognise an expected deficit on a contract immediately when it becomes probable that contract costs will exceed total contract revenue applies only to contracts in which it is intended at the inception of the contract that contract costs are to be fully recovered from the parties to that contract (par.47).

Other than the above requirements, there is no other affect on initial adoption of GRAP 11.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospect application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 12: Inventories

GRAP 12 includes the definition of current replacement costs as the cost the entity would incur to acquire the asset on the reporting date. GRAP 12 also includes the principal of service potential associated with the item that will flow to the entity as part of recognition criteria for inventories as well as the concept of goods purchased or produced for distribution at no charge or for a nominal consideration, which is specific to the public sector.

Initial measurement is required at cost (an exchange transaction) and where inventories are acquired at no cost or nominal consideration (non-exchange transaction), their cost shall be their fair value at acquisition date.

Subsequent measurement shall be at lower of cost and net realisable value except if inventories are held for:

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

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

If the above applies then subsequent measurement shall be at the lower of cost or current replacement cost.

The retail method of measurement of cost is excluded from GRAP 12.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities are not required to measure inventories in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 13: Leases

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the entity has contravened these legislative requirements, the entity is still required to apply the requirements of GRAP 13.

Other than the abovementioned requirements, there is no other impact on the initial adoption of GRAP13.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, the recognition requirements of the Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment or the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 14: Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue.

GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.

Two types of events can be identified:

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

An entity shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.

An entity shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 16: Investment Property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of an entity's operations.

GRAP 16 states that the use of property to provide housing as a social service does not qualify as investment property even though rentals are earned.

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

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

After initial recognition, entities can carry investment property at either the fair value (fair value model) or cost less accumulated depreciation and accumulated impairment (cost model).

An entity is required to disclose the fair value of investment property if the cost model is used. When an entity carries investment properties at fair value, the fair value needs to be determined at every reporting date. Gains or losses arising from changes in fair value are included in surplus or deficit for the period in which they arise.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities are not required to measure investment properties in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 17: Property, Plant and Equipment

GRAP 17 does not require or prohibit the recognition of heritage assets but if an entity recognises heritage assets the entity needs to comply with GRAP 17 disclosure requirements.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

Additional commentary has been included in to clarify the applicability of infrastructure assets to be recognised in terms of GRAP17.

Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at the date of acquisition.

The disclosure requirement for temporarily idle, fully depreciated property, plant and equipment and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire. Entities are also not required to measure classes of Property, Plant and Equipment in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 18: Segment Reporting

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

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

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2011.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 19: Provisions, Contingent Liabilities and Contingent Assets

GRAP 19 exclude from its scope those provisions and contingent liabilities arising from social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits.

For the purpose of GRAP 19, social benefits refers to goods, services and other benefits provided in the pursuit of the social policy objective of a government. This Standard includes guidance on the accounting of these social benefits.

Outflow of resources embodying service potential also needs to be considered in when assessing if a present obligation that arises from past events exists or not.

The Standard includes accounting for obligations to make additional contributions to a fund. This is similar to the requirements of IFRIC5 (AC438).

It further includes the accounting for the changes in existing decommissioning, restoration and similar liabilities. This is similar to the requirements of IFRIC1 (AC434).

GRAP 19 give specific guidance regarding restructuring by way of transfers that will take place under a government directive and will not involve binding agreements. An obligation exists only when there is a binding transfer agreement.

Additional disclosure for each class of provision regarding reductions in the carrying amounts of provisions that result from payments or other outflows of economic benefits or service potential made during the reporting period and reductions in the carrying amounts of provisions resulting from remeasurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the entity.

If an external valuation is use to measure a provision the information relating to the valuation can usefully be disclosed.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

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

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

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

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

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

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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

GRAP 100 includes in its scope the reference to non-cash generating assets. It further includes definitions relevant to the understanding of the Standard e.g. "Non-cash-generating assets" are assets other than cash-generating assets and "value in use of a non-cash-generating asset" is the present value of the asset's remaining service potential.

GRAP 100 excludes from the description of a discontinued operation reference to a subsidiary acquired exclusively with a view to resale.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires prospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires prospective application of the Standard. However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standard of Property, Plant and Equipment until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires prospective application of the

CAPE WINELANDS DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

Standard. However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standards of GRAP on Inventories, Investment Property, Property, Plant and Equipment, Agriculture and Intangible Assets until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 101: Agriculture

GRAP 101 excludes guidance on accounting for non-exchange revenue from government grants related to a biological asset as GRAP 23 on Revenue from Non-Exchange Transactions will provide such guidance.

Recognition requirement includes the concept of the probable flow of service potential.

Biological assets acquired at no or for a nominal value shall be measured on initial recognition and at each reporting date at its fair value less estimated point-of-sale costs.

Additional disclosure is required of biological assets for which the entity's use or capacity to sell is subject to restrictions imposed by regulations that have a significant impact on their total fair value less estimated point-of-sale costs.

In the reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period it is also required to disclose increases or decreases due to transfers.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires any adjustments required to the previous carrying amounts of assets and net assets shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit in the period that the Standard initially adopted. Comparative information is not required to be restated on initial adoption of this Standard.

Directive 4 - Transitional provisions for medium and low capacity requires any adjustments required to the previous carrying amounts of assets and net assets shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit in the period that the Standard is initially adopted. Comparative information is not required to be restated. Entities are not required to recognise biological assets and/or agricultural produce for reporting periods beginning on or after a date within three years following the date of initial adoption of this Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 102: Intangible Assets

GRAP 102 excludes guidance on accounting for intangible assets acquired as part of an entity combination and in-process research and development costs acquired in an entity combination.

Recognition requirement includes the concept of the probable flow of service potential.

GRAP 102 distinguishes between impairment loss of cash generating and non-cash-generating assets.

Intangible assets acquired at no or for a nominal cost shall be measured on acquisition date at its fair value.

In GRAP 102 the identifiability criterion in the definition of an intangible asset has been expanded to include contractual rights arising from binding arrangements, and to exclude rights granted by statute.

CAPE WINELANDS DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

Additional guidance included in GRAP 102 to explain that distinction should be made between assets associated with the item of property, plant and equipment and the intangible asset.

Guidance on web site costs has been included in GRAP 102 from SIC Interpretation 32 Intangible Assets – Web Site Costs.

Guidance on intangible assets that may be acquired in exchange for non-monetary assets, where the exchange transaction lacks commercial substance has not been included in GRAP 102 as guidance to be included in GRAP 23.

GRAP 102 does not state “gains shall not be classified as revenue” as GRAP term “income” has a broader meaning than the term “revenue”.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.

Directive 4 - Transitional provisions for medium and low capacity requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard. Entities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible Assets.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue

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

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

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

The municipality expects to adopt the interpretation for the first time in the 2011 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

IPSAS 21: Impairment of Non Cash-Generating Assets

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the

CAPE WINELANDS DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IPSAS 20: Related Party Disclosure

IPSAS 20 specifically excludes any consideration provided to key management personnel solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

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2009	2008
R	R

CAPE WINELANDS DISTRICT MUNICIPALITY

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Figures in Rand

4. Property, plant and equipment

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	156,939,629	(26,953,925)	129,985,704	-	-	-
Buildings	-	(799,743)	(799,743)	-	-	-
Infrastructure	3,186,788	(462,265)	2,724,523	3,140,227	(611,038)	2,529,189
Community	-	-	-	30,187,565	(4,157,480)	26,030,085
Other property, plant and equipment	68,854,484	(32,592,851)	36,261,633	155,282,370	(22,671,515)	132,610,855
Capital work in progress	(26,361)	(10,334)	(36,695)	22,340	10,334	32,674
Heritage	3,048,575	(1,558,183)	1,490,392	3,048,575	-	3,048,575
Work in Progress	2,890,721	10,334	2,901,055	4,021	-	4,021
Total	234,893,836	(62,366,967)	172,526,869	191,685,098	(27,429,699)	164,255,399

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	-	2,751,343	(1,445,671)	120,510,084	45,587,278	(2,271,273)	(799,743)	(34,346,314)	129,985,704
Buildings	-	-	-	(799,743)	-	-	-	-	(799,743)
Infrastructure	2,529,189	1,740,013	12,835	(1,508,326)	72,735	(8,163)	(35,770)	(77,990)	2,724,523
Community	26,030,085	-	-	(26,030,085)	-	-	-	-	-
Other property, plant and equipment	132,610,855	9,516,843	120,558	(92,028,020)	97,000	(39,689)	(14,015,914)	-	36,261,633
Capital work in progress	32,674	-	-	(69,369)	-	-	-	-	(36,695)
Heritage	3,048,575	-	-	-	-	-	-	(1,558,183)	1,490,392
Work in Progress	4,021	2,908,324	-	(11,290)	-	-	-	-	2,901,055
	164,255,399	16,916,523	(1,312,278)	63,251	45,757,013	(2,319,125)	(14,851,427)	(35,982,487)	172,526,869

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Infrastructure	91,990,215	372,500	-	(89,729,960)	-	(103,566)	2,529,189

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

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4. Property, plant and equipment (continued)

Community	23,092,091	1,409,031	(270,339)	(2,156,774)	-	3,956,076	26,030,085
Other property, plant and equipment	29,997,083	8,989,517	(412,092)	97,272,485	266,150	(3,502,288)	132,610,855
Capital work in progress	-	-	-	32,674	-	-	32,674
Heritage	8,467,000	-	-	(5,418,425)	-	-	3,048,575
Work in Progress	945	3,076	-	-	-	-	4,021
	153,547,334	10,774,124	(682,431)	-	266,150	350,222	164,255,399

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Two housing schemes was transferred from the Department Public Works to council to do further upgrading and development. During the 2008/2009 financial year several erven in these housing projects were disposed at no cost to the beneficiaries. Although these transactions is reflected as a loss on sale in the Income Statement, but there was no cash implications to the municipality in this regard.

The additions amount in Appendix B, C and E (2) includes the revaluation amount of R 45 757 012.62.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
5. Other financial assets		
Loans and receivables		
Loans and receivables	41,241	254,598
	-	-
	-	-
	-	-
	41,241	254,598
Non-current assets		
Loans and receivables	-	192,911
Current assets		
Loans and receivables	41,241	61,687
Non-current assets	-	192,911
Current assets	41,241	61,687
	41,241	254,598

6. Retirement benefits

Defined benefit plan

All Council's employees belong to one of the following funds. These schemes are subject to a tri- annual, bi- annual or annual actuarial valuation as set out. The Council's contributions to these funds are reflected as a charge against income in the financial statements.

Cape Joint Pensionfund, which is a defined benefit fund and is governed by the Pension funds Act of 1956. 6.81% of Council's employees are members of this fund. The fund is also a multi employer plan and the contribution rate payable is 27 %, p% by the members and 18 % by Council. No actuarial valuation is available yet. The actuarial valuation of the Cape Joint Pension Fund disclosed a market value of assets of R 3 251 953 million on 30 June 2007. The funding level of the fund was 107.2% on 30 June 2007. The 2008/2009 Financial Statements are not available yet.

According to current information available the Fund is still fully funded. If it should happen that the Fund becomes under funded, Council will have an obligation to cover the shortfall in terms of the rules of this fund. The possible obligation could not be determined as at 30 June 2008.

Cape Joint Retirement Fund is defined contribution fund and is governed by the Pensions Funds Act of 1956. 86.88 of Council's employees are members of this fund. The contribution rate paid by the members (9%) and Council (18%) is sufficient to fund the benefits accruing from the fund in future. According to the actuarial valuation the value of total net assets of the Cape Joint Retirement Fund is R 6 692 055 million on 30 June 2006. The funding level of the Pensions Account was 137.4%. Financial Statements for the 2008/2009 financial year are not available yet.

SAMWU National Provident Fund, which is a privately-administered fund. The fund is subject to actuarial valuation. According to the actuarial valuation the value of total assets of the SAMWU National provident Fund was R 2 007 million on 30 June 2006. 6.49 % of Council's employees are members of this fund. The funding level of the fund was 110.3% on 30 June 2006. Financial Statements for the 2007/2008 financial year are not available yet.

13 Councillors of the Cape Winelands District Municipality are members of the Municipal Councillors Pension Fund, which operates as a defined contribution scheme. The fund was established in 1988 and an actuarial valuation is carried out every 3 years. The fund was sound at its previous valuation in 2005 and was valued at R 691 million. The 2007/2008 Financial Statements and Actuarial Valuation will be available in December 2008.

7. Inventories

Consumable stores	1,551,426	1,947,780
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CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
8. Other Debtors		
Insurance claims	14,183	5,272
Other receivable	10,308,240	9,744,110
	10,322,423	9,749,382
9. Consumer debtors		
Gross balances		
Rates	589,029	454,112
RSC Levies	459,162,782	424,478,934
Other	18,700,910	16,513,696
	478,452,721	441,446,742
Less: Provision for bad debts		
Rates	129,999	77,199
Regional services levies	457,498,961	406,334,809
Other	10,796,014	10,266,278
	468,424,974	416,678,286
Net balance		
Rates	459,030	376,913
RSC Levies	1,663,821	18,144,125
Other	7,904,898	6,247,418
	10,027,749	24,768,456
Rates		
Current (0 -30 days)	19	-
121 + Days	589,010	454,112
	589,029	454,112
RSC Levies		
Current (0 -30 days)	-	424,478,934
121 + Days	459,162,782	-
	459,162,782	424,478,934
Other (specify)		
Current (0 -30 days)	940,460	2,681,099
31 - 60 days	2,096,627	2,629
61 - 90 days	294,026	328,236
91 - 120 days	954	2,355,066
121+ Days	15,368,843	11,146,666
	18,700,910	16,513,696
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	126,393	1,895,636
31 - 60 days	785,374	1,797
61 - 90 days	278,699	313,117
91 - 120 days	954	2,102,533
121 + Days	6,354,768	2,651,067
	7,546,188	6,964,150

CAPE WINELANDS DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

	2009 R	2008 R
9. Consumer debtors (continued)		
Less: Provision for bad debts	(1,572,568)	(1,267,475)
	5,973,620	5,696,675
Industrial/ commercial		
Current (0 -30 days)	-	424,478,934
121 +Days	459,162,784	-
	459,162,784	424,478,934
Less: Provision for bad debts	(457,498,961)	(406,334,809)
	1,663,823	18,144,125
National and provincial government		
Current (0 -30 days)	814,086	789,399
31 - 60 days	1,311,253	1,207
61 - 90 days	15,327	15,119
91 - 120 days	-	252,533
121 + Days	9,603,084	8,945,400
	11,743,750	10,003,658
Less: Provision for bad debts	(9,353,445)	(9,076,002)
	2,390,305	927,656
Total		
Current (0 -30 days)	940,480	427,163,969
31 - 60 days	2,096,627	3,004
61 - 90 days	294,026	328,236
91 - 120 days	954	2,355,066
121 + Days	475,120,636	11,596,467
	478,452,723	441,446,742
Less: Provision for bad debts	(468,424,974)	(416,678,286)
	10,027,749	24,768,456
Less: Provision for debt impairment		
Current (0 -30 days)	(207,564)	(77,743,126)
31 - 60 days	(462,726)	(478)
61 - 90 days	(64,891)	(59,739)
91 - 120 days	(211)	(428,622)
121 + Days	(467,689,582)	(338,446,321)
	(468,424,974)	(416,678,286)
Reconciliation of bad debt provision		
Balance at beginning of the year	416,678,286	18,400,239
Contributions to provision	51,839,564	398,743,629

Council does not have any trade services therefore it is not easy to determine payment trends on debtors. However, over the past four years an average of 22.07% (2007/2008 - 18.2%) of the amount of debtors levied did not make any payment on their accounts. Hence provision for bad debts on Trade Debtors was made at a rate of 22.07% (2007/2008 - 18.2%)

Despite numerous attempts by Council to recover the outstanding Primary Health shortfalls, PAWC has not made any payments on this outstanding amount which has accumulated over the past 7 years. Therefore the total amount of R8 676 504 (2007/2008 - R 8 869 604) has been provided for as a bad debt.

Legal action is in progress on all Levy Debtors, however, a provision for bad debt was based on matters that were opposed (objections filed, special pleas, pleas, affidavits opposing summary judgment, summons, disputing relevant financial details, etc.).

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
9. Consumer debtors (continued)		
Bad debts written off against provision	(92,877)	(465,582)
	468,424,973	416,678,286
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	5,090	5,090
Bank balances	4,085,303	1,505,730
Short-term deposits	347,297,474	326,013,443
	351,387,867	327,524,263
11. Revaluation reserve		
Opening Balance	101,882,386	99,627,398
Receipts/ Additions to NDR	56,459,414	-
Revaluation of Property	-	373,240
Offsetting of Depreciation	-	1,881,748
TRF. to Income Statement Depreciation	(37,525,905)	-
	120,815,895	101,882,386
12. Accumulated surplus		
Opening Balance	226,544,796	198,199,161
Adjustments		
Prior year adjustments	(17,815,141)	8,674,618
Restated balance	226,544,799	198,199,159
Net Surplus for the Year	7,549,317	11,517,271
PPE purchased	13,140,858	10,191,621
Transfer to CRR	(75,000,000)	-
Transfer to Offset Depreciation	37,433,190	-
Other	(11,211,740)	-
Capital Grants used to purchased PPE	-	(376,712)
-1661163	-	(1,661,163)
	180,641,280	226,544,796
13. Capital replacement reserve		
Opening Balance	21,255,016	31,446,637
PPE purchased	(13,140,858)	(10,191,621)
Contributions Received	75,000,000	-
	83,114,158	21,255,016
14. Government grant reserve		
Opening Balance	5,616,240	5,460,112
Capital Grants used to purchase PPE	-	376,713
Offsetting of Depreciation	-	(220,585)
Additions to NDR	869,026	-
Transfer Income Statement to Depreciation	(4,356,873)	-
	2,128,393	5,616,240
15. Unspent conditional grants and Receipts		

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
	R	R
15. Unspent conditional grants and Receipts (continued)		
Deferred income comprises:		
Conditional grants and receipts		
PAWC and State Funds: Various Projects	9,014,373	15,092,628

See note and Appendix F for reconciliation of grants from National/Provincial Government.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R		
16. Provisions				
Reconciliation of provisions - 2009				
	Opening Balance	Additions	Total	
Ex Gratia Pensions	3,728,801	-	3,728,801	
Medical Contribution	89,872,107	2,562,838	92,434,945	
	93,600,908	2,562,838	96,163,746	
Reconciliation of provisions - 2008				
	Opening Balance	Additions	Utilised during the year	Total
Ex Gratia Pensions	-	3,728,801	-	3,728,801
Medical Contribution	80,586,110	11,774,071	(2,488,074)	89,872,107
	80,586,110	15,502,872	(2,488,074)	93,600,908
Non-current liabilities		85,320,746		83,684,089
Current liabilities		10,843,000		9,916,819
		96,163,746		93,600,908
16.1 FUTURE MEDICAL AID LIABILITY				
Reconciliation of Net liability recognized in the Statement of Financial Position:				
Opening balance		89,872,108		80,586,110
Medical Aid Liability - Current Service cost		1,500,000		3,067,000
Interest paid on to Future Medical Aid Liability		1,062,837		6,849,819
Medical Aid Liability - Transitional Liability Recognised		-		1,857,253
				-
Expected Employer Benefit Payments				92,360,182
				-
		92,434,945		89,872,108
Reconciliation of Unrecognised Teransitinal Liability				
Closing Unrecognized Transitional Liability		-		-
Transitional Liability at Date of adopting AC116		-		62,553,000
		-		62,553,000
Reconciliation of Assets and Liabilities Recognised in the Statement of Financial Position				
Fair Value of Plan Assets		-		89,872,108
Present Value of Unfunded Obligations		-		89,872,108
		-		89,872,108
Net Liability in Statement of Financial Position				
		-		89,872,108
Reconciliation of Assets and Liabilities Recognised in the Statement of Financial Position				
Opening balance		89,872,108		80,586,110
Interest paid on to Future Medical Aid Liability		1,062,837		6,849,819
Medical Aid Liability - Current Service Cost		1,500,000		4,924,253
Expected Employer Benefit Payments		-		(2,488,074)
		92,434,945		89,872,108

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
	R	R

16. Provisions (continued)

16.2 VALUATION METHODOLOGY AND ASSUMPTIONS

16.2.1 METHODOLOGY

Liabilities are valued using discounted cash flow techniques. Using a set of Actuarial assumptions, future cashflows are projected and discounted back to the Valuation Date, allowing for future investment returns and the probability of each cashflow occurring.

This methodology allows for the probability of and benefit payable in respect of different types of exit from Active Employment e.g. Withdrawal, Death, Retirement.

We assume that benefit entitlement accrues uniformly over each Employee's Total Service. The accrued liability is calculated as the ratio of the Past Service to Total Service for each Employee.

The method of valuing the PRMA liabilities of the Municipality is consistent with the Previous Valuation.

We have not explicitly allowed for the impact of HIV/AIDS on projected future healthcare costs. This could be a source of significant strain over the short to medium term future, leading to higher Medical Aid Inflation than was allowed for.

16.2.2 ASSUMPTIONS

In order to project the liability, it was necessary to make a number of assumptions concerning future experience.

Assumptions should not be assessed in isolation, but rather in relation to each other. The difference between the financial assumptions drives the results of the Valuation.

The set of assumptions used in this Valuation is largely similar to that used in the Previous Valuation. Differences have been highlighted below.

Financial Assumptions

The main financial assumptions are as follows:

Medical Aid inflation rate	7.5 %
Investment return	8.5 %

Accounting Standard AC116 defines the determination of the Investment Return assumption to be used as the rate that can

“be determined by reference to Market Yields at the Statement of Financial Position Date on high quality Corporate Bonds. In countries where there is no deep market in such bonds, the market yields (at the Statement of Financial Position Date) on Government Bonds should be used. The currency and term of the Corporate Bonds or Government Bonds should be consistent with the currency and estimated term of the Post-Employment Benefit obligations.”

Our Investment Return assumption was based on the current yields of long-term Government bonds plus a risk premium as a proxy for the yield on high quality Corporate Bonds.

Medical Aid Inflation was based on an assumed long-term rate of consumer inflation of 6% p.a. plus a margin of 1.5% p.a.

The Real Rate of Return (Investment Return less Medical Aid Inflation) is thus 1% p.a.

Normal Retirement Age

The Normal Retirement Age for employees that are members of the Cape Joint Provident Fund is 60 years.

The Normal Retirement Age for employees that are members of the Cape Joint Pension Fund is the earlier of age 65 or age after 55 when the employee has completed 35 years of service.

Mortality Rates

Mortality for Pre-Retirement benefits has been based on the SA 56-62 mortality table rated down by three years for Females.

CAPE WINELANDS DISTRICT MUNICIPALITY

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	2009	2008
	R	R

16. Provisions (continued)

Mortality for Post-Retirement benefits has been based on the PA (90) ultimate mortality table.

Withdrawal rates from Employment were allowed for using the following rates:

Withdrawal Rate

Age	Male	Female
20	16.00 %	24.00 %
25	12.00 %	18.00 %
30	10.00 %	15.00 %
35	8.00 %	10.00 %
40	6.00 %	6.00 %
45	4.00 %	4.00 %
50	2.00 %	2.00 %
55	- %	- %

Health Retirement Rates

Age	Male	Female
25	- %	- %
30	0.01 %	0.02 %
35	0.08 %	0.12 %
40	0.21 %	0.22 %
45	0.38 %	0.32 %
50	0.82 %	0.50 %
55	1.96 %	1.02 %
59	3.00 %	1.50 %
64	4.30 %	2.50 %

Early Retirement Rates

Age	Male	Female
55	2.00 %	2.00 %
56	1.00 %	1.00 %
57	1.00 %	1.00 %
58	1.00 %	1.00 %
59	2.00 %	2.00 %
60	2.00 %	2.00 %
61	2.00 %	2.00 %
62	3.00 %	3.00 %
63	4.00 %	4.00 %
64	5.00 %	5.00 %

Family and General Assumptions

It was assumed that all Employees currently married will be married at the time of their exit from Employment. It was assumed that 90% of current single Male Employees and 50% of current single Female Employees would be married at the time of their exit from Employment.

We assumed that Husbands are on average 4 years older than their Wives.

After Retirement the actual number of qualifying children was taken into account up to a maximum of three. It was assumed that Child Dependant status ceases at age 25.

An increase in Medical Aid premiums was allowed for to reflect the Valuation Date being set midway through a Calendar Year.

16.3 Bus Accident Fund

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
16. Provisions (continued)		
Council established a disaster relief fund for victims of a bus accident during September 2007. The fund was closed on 30 June 2008, because all possible claims has been settled. Transactions of the fund is indicated below:		
Funds received	-	213,352
Expenditure	-	(94,131)
Trasfers	-	(119,221)
	-	-
17. Creditors		
Trade payables	-	12
Payments received in advance	(79,864)	275,594
Retentions	1,465,817	2,126,728
Accrued leave pay	7,524,608	7,420,531
Accrued bonus	4,334,832	4,334,832
Other creditors	1,864,436	10,405,057
	15,109,829	24,562,754
18. Taxes and transfers payable		
Tax refunds payables	38,869,898	39,945,156
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
19. Revenue		
Rendering of services	4,333,024	296,803,854
Rental Income	105,121	73,982
Interest received	35,008,052	88,916,714
Income from agency services	66,379,376	61,342,967
Government grants	193,638,509	165,741,535
Contribution from Surplus	11,679,024	-
	311,143,106	612,879,052
20. Property Rates		
Rates received		
Commercial	926,987	824,705
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2006. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations.		
21. Service charges		
Building Plan Scrutiny Fees	34,616	15,403
Fire Fighting Services	3,298,832	3,958,380
	3,333,448	3,973,783
22. Regional Service Council Levies		
RSC Levies	-	291,947,735

CAPE WINELANDS DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

	2009	2008
	R	R
23. Government grants and subsidies		
Slanghoek	1,055,949	520,029
Equitable Share	6,485,000	2,581,821
RSC Replacement Grant	161,122,430	143,203,000
CMIP	3,647,000	343,766
Perception Survey	8,510	15,350
R62 Provincial Funding	-	81,384
Masibambane Project	139,017	796,128
Public Transport Regulations	1,143,193	484,547
MSIG Grant	841,108	1,000,000
Finance Management Grant	1,047,170	626,623
Provincial LED Projects	451,450	-
WCPG - Wolwekloof	4,431,882	302,450
Working for Water	8,720,768	5,888,798
Public Contributions	996,282	7,192,652
PAWC Housing Subsidy	-	627,477
Tourism:Road Signage	24,033	-
Sandhills	392,120	630,282
Great Wine Capitals	-	178,000
Contributions towards meetings	3,500	8,000
Water & Sanitation to Schools	-	555,057
Training of Housing Officials	-	145,556
Consumer Education	151,568	190,615
WCPG - Planning Grant	1,216,376	-
MIG - Grant	-	370,000
Fire (PAWC)	255,000	-
River Improvement Project	493,000	-
Water and Sanitation to Schools	418,204	-
Ward Committe Summit (PAWC)	77,387	-
Tourism Training	517,562	-
	193,638,509	165,741,535

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
24. General expenses		
Accounting fees	53,072	32,833
Advertising	1,209,781	682,818
Assessment rates & municipal charges	2,997	12,015
Auditors remuneration	1,343,924	922,743
Bank charges	81,979	83,222
Cleaning	294,456	248,222
Voluntary Fire Service	1,303,535	708,571
Consulting and professional fees	2,205,597	2,166,555
Consumables	327,015	254,393
Debt collection	80,776	274,224
Study Bursary Fund	1,000,000	880,710
Entertainment	216,300	124,087
Flowers	15,504	1,926
Insurance	1,508,065	1,493,743
Community development and training	-	565,962
Conferences and seminars	299,617	222,329
IT expenses	20,696	22,793
Equipment: General Items	601,586	584,933
Lease rentals on operating lease	879,927	1,336,708
Marketing	556,794	524,407
Levies	22,609	19,971
Magazines, books and periodicals	6,270	5,306
Medical expenses	11,839	18,461
Motor vehicle expenses	2,551,080	1,534,607
RSC 5	-	7,200,000
Refreshments and Tea	218,353	181,525
Fuel and oil	7,687,318	5,734,639
Placement fees	78,845	39,145
Postage and courier	59,122	35,794
Printing and stationery	1,443,153	1,220,864
Promotions	827,258	693,230
Protective clothing	85,733	8,964
Project Expenditure	49,599,092	51,606,696
Security (Guarding of municipal property)	378,555	351,790
Software expenses	704,286	639,550
Subscriptions and membership fees	754,974	681,479
Telephone and fax	3,451,222	3,210,046
Transport and freight	3,428,804	2,535,563
Training	3,530,396	3,351,125
Travel - local	12,012,360	2,318,876
Loss on sale of Assets	12,014,680	-
Title deed search fees	3,459	10,591
Exhibitions and Events	2,421,782	1,552,299
Electricity	904,606	810,491
Sewerage and waste disposal	110,628	113,840
Water	167,133	376,405
Refuse	45,910	44,909
Uniforms	1,079,921	986,358
Tourism development	416,353	320,249
Co- Operational Agreements	180,173	459,869
Stock Write-Off	55,969	-
Workshop Cost (Internal)	4,035,138	3,445,143
Ex Gratia Pension Fund	-	3,728,801
Audit and Risk Support Services	365,822	279,632
Expenditure Debited Elsewhere	(41,316,112)	(41,676,772)
Departmental Chargers	17,048,904	15,531,627
Veterinary department	4,516,930	3,339,570
Venue expenses	156,595	239,880

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
24. General expenses (continued)		
Billing charges	31,203	40,323
Chemicals	180,646	140,978
Other expenses	4,940,409	4,113,958
Property only	691,622	641,288
	106,904,661	87,030,264
25. Employee related costs		
Basic	45,759,873	37,495,263
Bonus	3,798,792	6,784,944
Medical aid - company contributions	4,483,586	3,626,843
UIF	412,686	345,955
WCA	456,059	478,598
Leave pay provision charge	(17,560)	3,479,925
Other short term costs	2,708,263	-
Post-employment benefits - Pension - Defined contribution plan	7,837,469	6,397,636
Travel, motor car, accommodation, subsistence and other allowances	7,999,802	6,260,523
Overtime payments	1,487,609	1,003,112
Long-service awards	6,500	2,000
Housing benefits and allowances	2,507,186	1,399,098
Other Allowance	2,159,628	1,608,335
Group Schemes	728,190	589,753
Telephone	69,314	2,221
Performance Bonus	303,175	512,372
	80,700,572	69,986,578
26. Remuneration of councillors		
Executive Major	378,636	416,569
Deputy Executive Mayor	360,158	299,142
Mayoral Committee Members	1,569,569	1,757,278
Speaker	371,652	328,162
Councillors	1,615,473	1,320,049
Councillors' pension contribution	504,941	492,887
Travelling Expenses	1,002,521	946,206
Allowances: Other	337,757	318,648
	6,140,707	5,878,941
In-kind benefits		
<p>The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.</p> <p>As certified in the declaration by the municipal manager, salaries, allowances and benefits of Councillors as disclosed in this note 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.</p>		
27. Medical Aid Liability		
Medical Aid Liability - Current Service cost	1,500,000	3,067,000
Medical Aid Liability - Transitional Liability Recognised	-	1,857,253
	1,500,000	4,924,253

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
28. Debt impairment		
Bad debts	51,839,564	398,743,629
Public Participation	327,727	278,558
	52,167,291	399,022,187
29. Investment revenue		
Interest revenue		
Other interest	45,638,005	38,128,613
	-	-
	45,638,005	38,128,613
30. Depreciation and amortisation		
Property, plant and equipment	35,174,509	8,060,893
31. Finance costs		
Interest paid on to Future Medical Aid Liability	1,062,837	6,849,819
Interest paid on Unspend Grant and Funds	2,851,280	3,158,369
	3,914,117	10,008,188
32. Auditors' remuneration		
Fees	1,343,924	922,743
33. Cash used in operations		
Surplus before taxation	7,549,317	11,517,261
Adjustments for:		
Depreciation and amortisation	35,174,509	8,060,893
Surplus on sale of assets	(30,770)	-
Corrections PPE	-	6,589
Prior year transactions	(740,715)	1,067,392
Current Service Cost of Medical Aid Liability	-	3,067,000
Contribution to bad debt provision	-	5,586,054
Interest income	(35,008,052)	(88,916,714)
Interest received	(45,638,005)	(38,128,613)
Finance costs	3,914,117	10,008,188
Movements in non- cash transactions	(686,215)	-
Changes in working capital:		
Inventories	396,354	(733,240)
Other Debtors	(573,041)	(3,249,552)
Consumer debtors	14,740,709	(22,603,377)
Creditors	(9,452,913)	6,314,607
VAT	(1,075,258)	40,193,254
Unspent conditional grants and Receipts	(6,078,255)	2,162,069
	(37,508,218)	(65,648,189)

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
34. Commitments		
Particulars of the investments as prescribed by section 17(1)(f) of the Local Government: Municipal Finance Management Act(Act 56 of 2003)		
Invested as at 30 June 2009 at the following A1 Banks as prescribed by Council's Investment Policy:		
ABSA Call Account		
OORGEDRA	11,013,443	15,069,386
JTD TRANSAKSIES	3,284,031	(4,055,943)
	<u>14,297,474</u>	<u>11,013,443</u>
ABSA		
OORGEDRA	60,000,000	60,000,000
JTD TRANSAKSIES	5,000,000	-
	<u>65,000,000</u>	<u>60,000,000</u>
FNB		
OORGEDRA	70,000,000	30,000,000
JTD TRANSAKSIES	(7,000,000)	40,000,000
	<u>63,000,000</u>	<u>70,000,000</u>
INVESTEC		
OORGEDRA	50,000,000	55,000,000
JTD TRANSAKSIES	30,000,000	(5,000,000)
	<u>80,000,000</u>	<u>50,000,000</u>
NEDCOR		
OORGEDRA	65,000,000	65,000,000
JTD TRANSAKSIES	(15,000,000)	-
	<u>50,000,000</u>	<u>65,000,000</u>
STANDARD BANK		
OORGEDRA	70,000,000	60,000,000
JTD TRANSAKSIES	5,000,000	10,000,000
	<u>75,000,000</u>	<u>70,000,000</u>
	<u>347,297,474</u>	<u>14,297,474</u>
Bank/Cash - Absa		
Bank balances	4,085,303	1,510,820
	<u>351,382,777</u>	<u>327,524,263</u>
Commitments linked to investments as at 30 June 2008		
Medical Contribution	92,434,945	89,872,107
Capital replacement reserve	83,114,158	21,255,016
Future Depreciation	-	27,429,697
Government grant reserve	2,128,393	5,616,240
Unspent conditional grants and Receipts	9,014,373	15,092,628
Accrued leave pay	7,524,608	7,420,531
Retentions	1,465,817	2,126,728
Other creditors	1,864,436	10,680,652
Provision for Bad Debt	-	1,473,873
Working Capital	153,836,047	146,556,792
	<u>351,382,777</u>	<u>327,524,264</u>

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
35. Contingencies		
Cape Joint Pension Fund - There might be a possibility that this fund is not 100% funded. The amount cannot be disclosed because it cannot be calculated from the information that is currently available from the fund.		
Guarantees to Building Societies and Banks in respect of housing loans to employees	118,580	184,080

This liability is going to be phased out.

The obligation to implement task was phased out, because personell are being remunerated according to the posts they were placed in although the Task Job Evaluation process has not been completed yet.

36. Related parties

Only the known related parties was disclosed. An forensic investigation is currently being conducted, therefore the related parties might change. See Appendix G

37. Risk management

Interest rate risk

The Council has no outstanding loans as at 30 June 2009. The increases in interest rates will therefore have no effect on the liquidity of Council.

Credit risk

Credit Risk primarily relates to cash investments. Council deposits cash surpluses with financial institutions of high quality and standing. A cash management and investment policy has been approved.

In terms of the MFMA Act 56 of 2003 the granting of credit (Loans) are prohibited.

Foreign exchange risk

Foreign currency risk is deemed to be minimal as very few international transactions are conducted.

RELIANCE ON NATIONAL GOVERNMENT FOR FUNDS (INCOME)

With the phasing u to the Regional Services Levies on 30 June 2006 the Cape Winelands will be dependant of the National and Provincial Governments for its income +/-80%. This created a lot of uncertainties regarding the future of District Municipalities.

POLITICAL RISK

The political landscape of the Western Cape has been quite stable and there is respect for the rule of law.

DISCLOSURE ON COLLATERAL

Refer to note 36

38. Deviation from supply chain management regulations

See Appendix G.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
39. Other Income		
Task Refund	-	646,359
Recoverable Personell	198,946	345,107
Seta Refund	1,224,385	256,756
Tourism	149,565	80,711
Roads	35,096	3,886,265
Comprehensive Health	111,596	5,567
Environmental Services	-	52,632
Recovery of Tax on Group Life	-	975,370
Fire Fighting Services	2,499	10,368
Admin: Work for Water	355,022	296,828
Boland College Glass Blowing	100,000	-
City of Cape Town	570,000	-
Income Received from Insurance	171,404	-
Shop Steward Refund	4,540	-
Income Received from Insurance	171,404	-
Shop Steward Refund	4,540	-
Other income 15	276,660	-
Other	1,518,411	567,071
	4,894,068	7,123,034

40. Fair Value

Financial instruments which includes short-term trade receivables and payables are stated at cost excluding debt premiums and discounts which is also equal to their fair value. Therefor every material line item in the financial instruments carrying value approximates the fair value.

41. Plan Assets

Although there are no specific investments linked to the Future Medical Aid Liability Fund, it was cash backed.

Councils surplus funds are not managed by external asset management service providers.

42. Council's Right to Amend The Annual Financial Statements

In terms of IAS 10.17 Council has the right and power to amend the annual financial statements after issue.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
43. Pension Fund Liability		
Net Assets Available for benefits: R 3 626 285 000		
The market value of the assets for benefits, for the purpose of comparison with the actuarial present value of promised retirement benefits:		
- Defined Benefit Section: R 3 251 953 000		
- Defined Contribution Section: R 374 332 000		
The actuarial value of of promised retirement benefits:		
Defined Benefit Section		
Active and paid-up members liabilities: R 895 689 000		
Pensioners: R 1 925 459 000		
Defined contribution Section		
Active Members Shares: R 362 299 000		
Reserve account balances:		
Defined Benefit investment reserve: R 248 072 000		
Defined Contribution investment reserve: R 12 033 000		
Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report:		
The value of the assets has ben presented at market value with separate provsion for an "investment reserve" in the Defined Benefit Section. The principle of consistency between the value of the assets and the value of liabilities is thus maintained.		
The future service contribution rate has been calculated according the Attained Age method. This method aim to give a uniform rate of contribution required benefits over the remaining working lifetime of the membership		
Liabilities for Defined Benefit active service members and pensioners are taken as the actuarial present values of all future benefit payments using the long term valuation assumptions. For the Defined Benefit active service members, salaries are projected to retirement. Past service liabilities are calculated based on member's pension able service completed at the valuation date including bonus service. Minimum benefits are allowed for based on the long term valuation assumptions.		
The value of the Defined Benefit investment reserve has been determined by discounting the expected future investment proceeds generated by a notional portfolio of assets at the valuation rate of interest. The investment reserve is determined as the market value of the assets less the discounted value of the assets. The notional portfolio aims to reflect the investment strategy of the fund.		
Provisions have been made for expected future improvements in pensioner mortality. Both active member and pensioner liabilities allow for a 1.5 % p.a. improvement in post retirement mortality. In the previous valuation as at 30 June 2007, than allowance for mortality improvements was provided for in seperate solvency reserve. In the current valuation as at 30 June 2008, the allowance for mortality improvement has been included in the active member and pensioner liabilities.		
Provisions have been made for expected future improvements in pensioner mortality. Both active member and pensioner liabilities allow for a 1.5 % p.a. improvement in post retirement mortality. In the previous valuation as at 30 June 2007, than allowance for mortality improvements was provided for in seperate solvency reserve. In the current valuation as at 30 June 2008, the allowance for mortality improvement has been included in the active member and pensioner liabilities.		
Details of the actuarial assumptions adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary report.		
Interest Rate	10 % p.a.	8 % p.a.
Pension Increases	3.6 % p.a	2 % p.a.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R	2008 R
Interest rate net of pension increases	6.18 % p.a.	6% p.a.
Price Inflation	6 % p.a.	4 % p.a.
Dividend growth	6.5 % p.a.	4.5 % p.a.
Mortality of pensioners	PA 90 - 2 years and 1.5% p.a. improvement	PA 90 - 2 years and 1.5% p.a. improvement
Mortality of ill- health pensioners	PA 90 + 8 years and 1.5% p.a. improvement	PA 90 + 8 years and 1.5% p.a. improvement
Husband's age greater than wife	4 years	4 years
Portion married: Active retirement	90 %	90 %
Portion married: Pensioners qualifying for spouse's pension	80 %	80%
	-	-

Financial Condition: Defined Benefit Section

Market Value of Assets	R 3 251 953	R3 445 815
Active Service members	R 895 476	R 835 952
Paid- up members	R 213	R7 349
Pensioner liabilities	R 1 925 459	R 1 853 551
Solvency reserve	0	R 75 368
Investment reserve	R 248 072	R 473 386
Surplus/ (Deficit)	R 182 733	R 200 209
Funding level (DB Section)	106.5 %	107.2 %
	-	-

Financial Condition: Defined Contribution Section

	Declared 3 % p.a.	Declared 19.3% p.a
Market value of assets	R 374 332	R 404 032
Members Shares	R 362 299	R 383 812
Investment reserve	R 12 033	R 20 220
Funding level (DC Section)	103.3 %	105.3%
	-	-

A statement as to whether the fund was in a sound financial condition for the purposes of the Pension Funds Act, 1956.

The fund declared a final bonus rate of 3% p.a. for the DC Section. Pension increases of 6.4% effective 1 January 2008. A pensioner bonus of 75% of monthly pension bonus was granted in December 2007

The Fund is in a sound financial condition as at 30 June 2008.

If the recommended contribution rate under the Attained Age method is adopted for the DB Section, the Fund, in the normal course of events, will be funded on sound actuarial principles.

Appendix A: Schedule of external loans

**APPENDIX A
CAPE WINELANDS DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/03	Received during the period	Redeemed written off during the period	Balance at 30/06/04	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
Total long-term loans			-	-	-	-	-	-
ANNUITY LOAN								
GOVERNMENT LOANS								
Total Government Loans								
LEASE LIABILITY								
TOTAL EXTERNAL LOANS								

Council do not have any outstanding loans.

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Supplementary Information

Appendix B: Analysis of Property, plant and equipment

CAPE WINELANDS DISTRICT MUNICIPALITY

APPENDIX B for the period ended 30 June 2009
June 2009

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009
Yearly Accumulated Depreciation

	Yearly				Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Land/ Heritage											
Historical Buildings	3,048,575	-	-	-	3,048,575	-	1,558,183	-	1,558,183	1,490,392	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-	-	-
	3,048,575	-	-	-	3,048,575	-	1,558,183	-	1,558,183	1,490,392	-
Buildings											
Buildings	18,568,640	3,130,129	-	-	21,698,769	1,418,772	11,526,026	16,905	12,927,893	8,770,876	-
Care Centres	101,778	-	-	-	101,778	3,402	98,376	-	101,778	-	-
Community Centre	2,219,468	119,000	-	42,549	2,295,919	470,501	72,150	108,241	434,410	1,861,509	-
Clinics/ Hospitals	4,896,202	-	-	-	4,896,202	1,959,752	119,067	-	2,078,819	2,817,383	-
Hostel Workers	1,916,143	(54,860)	-	66,199	1,795,084	298,264	940,365	127,595	1,111,034	684,050	-
Housing Schemes	20,007,347	982,371	-	13,695,728	7,293,990	1,688,936	1,055,136	2,234,377	509,695	6,784,295	-
Informal Housing	859,192	-	-	-	859,192	-	-	-	-	859,192	-
Laboratories	274,468	-	-	234,296	40,172	239,991	1,339	234,296	7,034	33,138	-
Office building	31,080,645	1,348,587	-	2,450,517	29,978,715	1,483,086	9,161,602	2,669,421	7,975,267	22,003,448	-
Other Land	31,564,723	39,087,711	-	-	70,652,434	140,517	11,592,072	11,732,589	-	70,652,434	-
Outdoor Sports	19,621	-	-	-	19,621	4,580	654	-	5,234	14,387	-
Parks	196,211	-	-	-	196,211	45,800	6,540	-	52,340	143,871	-
Public Conveniences	533,255	(18,708)	-	295,723	218,824	295,281	202,564	348,431	149,414	69,410	-
Workshops/ Depots	13,690,240	3,744,392	-	541,912	16,892,720	(1,846,537)	2,656,686	(1,590,602)	2,400,751	14,491,969	-
	125,927,933	48,338,622	-	17,326,924	156,939,631	6,202,345	37,432,577	15,881,253	27,753,669	129,185,962	-
Leasehold property											
Sewerage Mains & Purify	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-	-	-	-	-
Housing Develop Fund	-	-	-	-	-	-	-	-	-	-	-
Infrastructure											
Car Parks	189,800	-	-	-	189,800	40,086	6,327	-	46,413	143,387	-
Fencing	-	-	-	-	-	-	-	-	-	-	-
Water meters	11,547	-	-	-	11,547	8,162	1,271	-	9,433	2,114	-
Office Buildings	-	-	-	-	-	-	-	-	-	-	-

CAPE WINELANDS DISTRICT MUNICIPALITY

APPENDIX B for the period ended 30 June 2009
June 2009

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009
Yearly Accumulated Depreciation

	Yearly				Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Paving	84,632	84,284	-	-	168,916	84,632	-	-	84,632	84,284	-
Power Stations	255,946	72,735	-	-	328,681	81,270	86,589	12,835	155,024	173,657	-
Purification	-	-	-	-	-	-	-	-	-	-	-
Airports/ Radio	832,114	-	-	-	832,114	139,027	27,737	-	166,764	665,350	-
Security System	-	-	-	-	-	-	-	-	-	-	-
Water mains	-	-	-	-	-	-	-	-	-	-	-
Mains Electric	-	2,028,229	-	-	2,028,229	-	-	-	-	2,028,229	-
	1,374,039	2,185,248	-	-	3,559,287	353,177	121,924	12,835	462,266	3,097,021	-

CAPE WINELANDS DISTRICT MUNICIPALITY

APPENDIX B for the period ended 30 June 2009
June 2009

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009
Yearly Accumulated Depreciation

	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	Budget Additions
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Community	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment											
Access Control	6,300	-	-	-	6,300	-	210	-	210	6,090	-
Agency Services	2,089,059	-	-	-	2,089,059	(2,958)	-	-	(2,958)	2,092,017	-
Air Conditioner	365,812	-	-	-	365,812	281,529	66,117	-	347,646	18,166	-
Audio Equipment	632,901	113,991	-	-	746,892	537,808	71,107	-	608,915	137,977	-
Bulk Containers	35,500	154,395	-	-	189,895	1,770	7,984	-	9,754	180,141	-
Cabinets/ Cupboards	687,277	51,580	-	-	738,857	627,692	18,740	-	646,432	92,425	-
Canopy	32,114	-	-	-	32,114	15,210	4,056	-	19,266	12,848	-
Chairs	1,168,014	112,447	-	-	1,280,461	1,046,666	34,758	-	1,081,424	199,037	-
Computer Hardware	8,047,628	1,229,579	-	-	9,277,207	5,730,103	1,283,444	-	7,013,547	2,263,660	-
Conveyors	40,387	-	-	-	40,387	40,387	-	-	40,387	-	-
Drill Concrete	313	-	-	-	313	42	63	-	105	208	-
Equipment/ Apparatus	7,892	211,950	-	-	219,842	787	25,570	-	26,357	193,485	-
Electrical Equipment	303,554	190,444	-	-	493,998	198,704	35,081	-	233,785	260,213	-
Laboratory Equipment	5,054	2,005	-	-	7,059	-	1,088	-	1,088	5,971	-
Radio Equipment	631,804	113,325	-	-	745,129	555,153	49,123	-	604,276	140,853	-
Telecommunication	177,581	-	-	-	177,581	112,968	28,968	-	141,936	35,645	-
Fencing	612,275	440,350	-	-	1,052,625	82,986	110,832	-	193,818	858,807	-
Fire Equipment	1,518,023	711,351	-	-	2,229,374	398,302	185,849	-	584,151	1,645,223	-
Generator	1,231,847	77,170	-	-	1,309,017	326,273	220,719	-	546,992	762,025	-
General Plant	1,228,639	-	-	-	1,228,639	1,004,626	110,399	-	1,115,025	113,614	-
Fire Hoses	36,800	-	-	-	36,800	19,104	10,222	-	29,326	7,474	-
Emergency light	21,850	-	-	-	21,850	8,052	1,439	-	9,491	12,359	-
Miscellaneous	1,401,687	792,288	-	-	2,193,975	871,154	178,259	-	1,049,413	1,144,562	-
Office Machines	3,014,160	756,749	-	-	3,770,909	2,534,424	374,796	-	2,909,220	861,689	-
Pumps	35,197	820	-	-	36,017	15,528	5,428	-	20,956	15,061	-
Water Purification	372,500	-	-	-	372,500	-	16,000	-	16,000	356,500	-
Security System	1,314,487	97,000	-	-	1,411,487	181,808	56,195	120,558	117,445	1,294,042	-
Tables/ Desks	1,195,079	83,589	-	-	1,278,668	1,071,579	42,496	-	1,114,075	164,593	-
Tools	28,621	27,452	-	-	56,073	3,688	7,936	-	11,624	44,449	-
Trailers	1,717,890	455,700	-	-	2,173,590	803,941	188,172	-	992,113	1,181,477	-
Valuation Roll	539,029	-	-	-	539,029	539,029	-	-	539,029	-	-
Vehicles	11,402,091	1,206,598	-	964,654	11,644,035	7,159,224	(760,780)	964,654	5,433,790	6,210,245	-
Ambulances	1,202,703	-	-	1,129,255	73,448	1,171,933	30,770	1,129,255	73,448	-	-
Compressors	35,747	-	-	-	35,747	10,857	4,978	-	15,835	19,912	-
Fire Engines	13,568,006	2,282,722	-	-	15,850,728	4,673,717	(729,307)	-	3,944,410	11,906,318	-
Lawnmowers	-	-	-	-	-	-	-	-	-	-	-
Trucks and Bakkies	6,626,727	131,522	-	-	6,758,249	5,567,749	(2,384,021)	-	3,183,728	3,574,521	-
Corrections	-	-	-	-	-	-	(16,147)	-	(16,147)	16,147	-

CAPE WINELANDS DISTRICT MUNICIPALITY

APPENDIX B for the period ended 30 June 2009
June 2009

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009
Yearly Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Total	61,334,548	9,243,027	-	2,093,909	68,483,666	35,589,835	(719,456)	2,214,467	32,655,912	35,827,754	-
Land/ Heritage	3,048,575	-	-	-	3,048,575	-	1,558,183	-	1,558,183	1,490,392	-
Buildings	125,927,933	48,338,622	-	17,326,924	156,939,631	6,202,345	37,432,577	15,881,253	27,753,669	129,185,962	-
Leasehold property	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-	-	-	-	-
Housing Develop Fund	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	1,374,039	2,185,248	-	-	3,559,287	353,177	121,924	12,835	462,266	3,097,021	-
Community	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	61,334,548	9,243,027	-	2,093,909	68,483,666	35,589,835	(719,456)	2,214,467	32,655,912	35,827,754	-
	191,685,095	59,766,897	-	19,420,833	232,031,159	42,145,357	38,393,228	18,108,555	62,430,030	169,601,129	-

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Supplementary Information

Appendix C: Segmental analysis of Property, plant and equipment

GOVERNMENT TEMPLATE: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009
Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand
Executive & Council	1,708,444	110,108	-	-	1,818,552	1,584,250	77,372	-	1,661,622	156,930
Finance & Admin	159,696,754	52,269,833	-	19,420,833	192,545,754	27,675,630	37,873,153	18,108,555	47,440,228	145,105,526
Planning & Development	2,796,301	1,739,626	-	-	4,535,927	1,136,120	249,360	-	1,385,480	3,150,447
Health	1,683,941	99,422	-	-	1,783,363	1,004,004	95,920	-	1,099,924	683,439
Community & Social Services	-	211,290	-	-	211,290	-	118,673	-	118,673	92,617
Housing	-	-	-	-	-	-	-	-	-	-
Public Safety	23,067,012	5,105,466	-	-	28,172,478	10,197,292	(87,611)	-	10,109,681	18,062,797
Sport & Recreation	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	75,288	-	-	75,288	-	2,063	-	2,063	73,225
Waste Management	-	-	-	-	-	-	-	-	-	-
Road Transport	2,246,310	155,864	-	-	2,402,174	177,353	34,725	-	212,078	2,190,096
Water	34,804	-	-	-	34,804	2,057	11,601	-	13,658	21,146
Electricity	-	-	-	-	-	-	-	-	-	-
Other	451,531	-	-	-	451,531	368,647	34,120	-	402,767	48,764
	191,685,097	59,766,897	-	19,420,833	232,031,161	42,145,353	38,409,376	18,108,555	62,446,174	169,584,987

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Supplementary Information

Appendix D: Segmental Statement of Financial Performance

APPENDIX D

CAPE WINELANDS DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2009

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)
R	R	R		R	R	R
42,314,586	(34,704,696)	7,609,890	Executive & Council	53,408,432	(30,941,556)	22,466,877
528,671,991	(442,714,268)	85,957,722	Finance & Admin	205,815,841	(109,987,478)	95,828,363
19,544	(8,174,897)	(8,155,353)	Planning & Development	1,943,985	(12,630,139)	(10,686,154)
2,010,523	(4,597,536)	(2,587,013)	Health	258,518	(1,879,419)	(1,620,901)
-	(531,848)	(531,848)	Community & Social Services	2,551,373	(7,134,457)	(4,583,084)
10,847,722	(26,590,282)	(15,742,560)	Housing	6,825,605	(16,985,401)	(10,159,796)
4,012,248	(28,672,458)	(24,660,210)	Public Safety	3,660,235	(57,848,062)	(54,187,827)
6,299,838	(29,665,604)	(23,365,767)	Environmental Protection	12,575,205	(34,340,163)	(21,764,958)
65,323,461	(66,597,406)	(1,273,945)	Road Transport	74,341,245	(74,853,926)	(512,681)
80,711	(5,814,357)	(5,733,646)	Other	149,565	(7,380,088)	(7,230,523)
		-				-
659,580,623	(648,063,352)	11,517,271	Sub Total	361,530,005	(353,980,688)	7,549,317
(14,975,700)	14,975,700	-	Less Inter-Dep Charges	(17,048,904)	17,048,904	-
644,604,923	(633,087,652)	11,517,271	Total	344,481,101	(336,931,784)	7,549,317
		11,517,271				7,549,317

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Supplementary Information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

CAPE WINELANDS DISTRICT MUNICIPALITY
 CAPE WINELANDS DISTRICT MUNICIPALITY
 APPENDIX E(1) for the ended 30 June 2009
 June 2009

Monthly

	Current year 2008 Act. Bal. R'000	Current year 2008 Bud. Amt R'000	Variance R'000	Var
Revenue				
Property rates	927	927	-	-
Property rates - penalties imposed and collection	73	40	33	82.5
Service charges	3,333	153	3,180	178.4
RSC Levies 1	-	700	(700)	100.0
Rental Income	105	127	(22)	(17.3)
Interest on outstanding debtors	5	4	1	25.0
Interest on RSC Levies	35,003	-	35,003	-
Income from agency services	66,379	68,361	(1,982)	(2.9)
Government grants	193,639	194,576	(937)	(0.5)
Contribution from Surplus	11,679	11,144	535	4.8
	311,143	276,032	35,111	12.7
Other income				
Other income	4,718	3,623	1,095	30.2
Interest received - investment	45,638	35,000	10,638	30.4
Property, plant and equipment	31	-	31	-
Gains or losses on biological assets and agricultural produce	-	-	-	-
Income from equity accounted investments	-	-	-	-
	50,387	38,623	11,764	30.5
Cost of sales	-	-	-	-
Total Revenue	361,530	314,655	46,875	14.9
Expenses				
Employee related costs	(80,701)	(87,261)	6,560	(7.5)
Remuneration of councillors	(6,141)	(6,730)	589	(8.8)
Debt impairment	(52,167)	(911)	(51,256)	326.3
Depreciation	(35,175)	(9,345)	(25,830)	276.4
Repairs and maintenance	(67,479)	(72,208)	4,729	(6.5)
Finance costs	(3,914)	(3,105)	(809)	26.1
General expenses	(108,405)	(135,094)	26,689	(19.8)
Impairments	-	-	-	-
Property, plant and equipment	-	-	-	-
	(353,982)	(314,654)	(39,328)	12.5
Operating profit				
	7,548	1	7,547	700.0
Other revenue and costs	-	-	-	-
Net surplus/ (deficit) for the year	7,548	1	7,547	700.0

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Supplementary Information

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

CAPE WINELANDS DISTRICT MUNICIPALITY

APPENDIX E(2) for the period ended 30 June 2009
June 2009

GOVERNMENT TEMPLATE: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

	Additions	Under	Closing	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Construction	Balance	Rand	Rand	%	
		Rand	Rand				
Land/ Heritage							
Historical Buildings	-	-	-	-	-	-	(Explanations to be recorded)
Painting & Art Galleries	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Buildings							
Buildings	3,130,129	-	3,130,129	3,123,769	6,360	-	
Care Centres	-	-	-	-	-	-	
Community Centre	119,000	-	119,000	-	119,000	100	
Clinics/ Hospitals	-	-	-	-	-	-	
Hostel Workers	(54,860)	-	(54,860)	-	(54,860)	100	
Housing Schemes	982,371	2,906,639	3,889,010	3,498,025	390,985	10	
Informal Housing	-	-	-	-	-	-	
Laboratories	-	-	-	-	-	-	
Office Building	1,348,587	-	1,348,587	-	1,348,587	100	
Other Land	39,087,711	-	39,087,711	574,300	38,513,411	99	
Outdoor Sports	-	-	-	-	-	-	
Parks	-	-	-	-	-	-	
Public Convenies	(18,708)	-	(18,708)	-	(18,708)	100	
Workshops/ Depots	3,744,392	-	3,744,392	-	3,744,392	100	
	48,338,622	2,906,639	51,245,261	7,196,094	44,049,167	86	-
Leasehold property	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-
Housing Develop Fund	-	-	-	-	-	-	-
Infrastructure							
Car Parks	-	-	-	-	-	-	
Mains Eelctrical	2,028,229	-	2,028,229	5,152,931	(3,124,702)	(154)	
Meters Water	-	-	-	-	-	-	
Paving	84,284	-	84,284	84,000	284	-	
Power Stations	72,735	-	72,735	-	72,735	100	
Airports/ Radio	-	-	-	-	-	-	
Other Roads	-	-	-	-	-	-	
Sewers	-	-	-	-	-	-	

CAPE WINELANDS DISTRICT MUNICIPALITY

APPENDIX E(2) for the period ended 30 June 2009
June 2009

Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
Rand	Rand	Rand	Rand	Rand	%	
2,185,248	-	2,185,248	5,236,931	(3,051,683)	(140)	-

CAPE WINELANDS DISTRICT MUNICIPALITY

APPENDIX E(2) for the period ended 30 June 2009
June 2009

	Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Rand	Rand	Rand	Rand	%	
Community	-	-	-	-	-	-	-
Other property, plant and equipment							
Acces Control	-	-	-	-	-	-	-
Agent Services	-	-	-	-	-	-	-
Air Conditioner	-	-	-	-	-	-	-
Audio Equipment	113,991	-	113,991	113,989	2	-	-
Bulk Containers	154,395	-	154,395	154,395	-	-	-
Cabinets/ Cupboards	51,580	-	51,580	51,579	1	-	-
Canopy	-	-	-	-	-	-	-
Chairs	112,447	-	112,447	141,264	(28,817)	(26)	-
Computer Hardware	1,229,579	-	1,229,579	1,425,099	(195,520)	(16)	-
Drill- Concrete	-	-	-	-	-	-	-
Equipment/ Apparatus	211,950	-	211,950	236,400	(24,450)	(12)	-
Electrical Equipment	190,444	-	190,444	190,443	1	-	-
Laboratory Equipment	2,005	-	2,005	1,998	7	-	-
Radio Equipment	113,325	-	113,325	114,974	(1,649)	(1)	-
Telecommunication	-	-	-	-	-	-	-
Fencing	440,350	-	440,350	460,051	(19,701)	(4)	-
Fire Equipment	711,351	-	711,351	723,673	(12,322)	(2)	-
Generator	77,170	-	77,170	66,700	10,470	14	-
General Plant	-	-	-	-	-	-	-
Fire Hoses	-	-	-	-	-	-	-
Emergency Light	-	-	-	-	-	-	-
Miscellaneous Furniture	792,288	-	792,288	1,456,148	(663,860)	(84)	-
Office Machines	756,749	-	756,749	774,902	(18,153)	(2)	-
Pumps	820	-	820	820	-	-	-
Water Purification	-	-	-	-	-	-	-
Security System	97,000	-	97,000	-	97,000	100 0	-
Tables/ Desks	83,589	-	83,589	87,201	(3,612)	(4)	-
Tools	27,452	-	27,452	27,451	1	-	-
Trailers	455,700	-	455,700	483,296	(27,596)	(6)	-
Valuation Roll	-	-	-	-	-	-	-
Vehicles	1,206,598	-	1,206,598	1,211,999	(5,401)	-	-
Ambulances	-	-	-	-	-	-	-
Compressors	-	-	-	-	-	-	-
Fire Engines	2,282,722	-	2,282,722	2,452,500	(169,778)	(7)	-
Lawnmovers	-	-	-	-	-	-	-
Trucks/ Bakkies	131,522	-	131,522	137,999	(6,477)	(5)	-
Total	9,243,027	-	9,243,027	10,312,881	(1,069,854)	(12)	-

CAPE WINELANDS DISTRICT MUNICIPALITY

APPENDIX E(2) for the period ended 30 June 2009
June 2009

	Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Rand	Rand	Rand	Rand	%	
Buildings	48,338,622	2,906,639	51,245,261	7,196,094	44,049,167	86	
Leasehold property	-	-	-	-	-	-	
Plant and machinery	-	-	-	-	-	-	
Furniture and fixtures	-	-	-	-	-	-	
Motor vehicles	-	-	-	-	-	-	
Office equipment	-	-	-	-	-	-	
IT equipment	-	-	-	-	-	-	
Computer software	-	-	-	-	-	-	
Housing Develop Fund	-	-	-	-	-	-	
Infrastructure	2,185,248	-	2,185,248	5,236,931	(3,051,683)	(140)	
Community	-	-	-	-	-	-	
Other property, plant and equipment	9,243,027	-	9,243,027	10,312,881	(1,069,854)	(12)	
	59,766,897	2,906,639	62,673,536	22,745,906	39,927,630	64	-

CAPE WINELANDS DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

Supplementary Information

Appendix F: Disclosure of Grants and subsidies in terms of the Municipal Finance Management Act

APPENDIX F

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

DESCRIPTION	FUNDS UNSPENT 01/07/2008	INCOME			EXPENDITURE 2008/2009	UNSPENT 31/06/2008 (B+E+F)
		RECEIVED 2008/2009	INTEREST	TOTAL INCOME		
CONSUMER HOUSING	-20,263	-	-2,296	-2,296	-	-22,559
PROVISION OF WATER TO SCHOOLS	-18,204	-400,000	-	-400,000	418,204	-
PLANNING	-553,596	-	-	-	321,407	-232,189
NON MOTORISED TRANSPORT	-769,452	-	-	-	769,452	-
ROAD SIGNAGE: TOURISME	-24,033	-	-	-	24,033	-
TCTA CONTRIBUTION: FRANSCHOEK	-1,184,180	-	-	-	1,184,180	-
MASIBAMBANE: MEETINGS/ WORKSHOPS	-125,437	-	-6,995	-6,995	69,346	-63,086
MASIBAMBANE: BASE LINE INFO	-568,889	-	-58,778	-58,778	50,107	-577,560
BASE LINE INFO VERIFICATION	-19,564	-	-	-	19,564	-
PERCEPTION SURVEY	-2,868,898	-	-324,568	-324,568	8,510	-3,184,956
COMMUNITY DEVELOPMENT WORKERS	-403,909	-	-48,381	-48,381	352,354	-99,937
TRAINING OF HOUSING OFFICIALS	-24,447	-200,000	-5,491	-205,491	151,568	-78,370
TOURISM DEVELOPMENT FRAMEWORK	-104,108	-	-11,795	-11,795	-	-115,904
MULTI PURPOSE CENTRE	-555,244	-	-7,208	-7,208	562,452	-0
PEDESTN/ CYCLE PATH MR 191/ 201	-80,535	-	-	-	80,535	-
UPGRADE REST AREAS & BAINS/ KL	-90,864	-	-	-	90,864	-
IMPROVE SIDEWALKS IMP PEDESTN	-41,437	-	-	-	41,437	-
SIDEWALK SLANGHOEK	-1,043,999	-	-11,950	-11,950	1,055,949	-0
PUBLIC TRANSPORT. INFRATRUCTURE PAWC	-144,530	-	-	-	144,530	-
TOURISM TRAINING- PAWC	-570,422	-	-19,388	-19,388	517,562	-72,248
PUBLIC WORKS: MEERLUST HOUSING	-72,855	-	-8,254	-8,254	-	-81,109
WOLWEKLOOF: CONTRIBUTION PAWC	-680,787	-	-	-	680,787	-
PAWC: ECON. DEV. - MADIBA HOUSE	-228,880	-	-25,932	-25,932	-	-254,812
PAWC: ECON DEV UNIT	-434,952	-	-	-	434,952	-
FINANCE MANAGEMENT GRANT	-3,098,752	-500,000	-	-500,000	1,047,170	-2,551,582
WARD COMMITTEE SUMMIT	-	-100,000	-1,271	-101,271	77,387	-23,884
DEPARTMENT ENVIRONMENTAL AFFAIRS	-	-100,000	-5,618	-105,618	-	-105,618
SPATIAL DEVELOPMENT PLAN	-865,525	-	-29,445	-29,445	894,969	0
BREERIVIER STRUKTUURPLAN	-344,316	-	-39,011	-39,011	-	-383,327
MANAGEMENT SUPPORT PROGRAMME	-46,182	-	-5,232	-5,232	-	-51,415
LED- PROGRAM: RURAL TOURISM	-2,260	-	-256	-256	-	-2,516
Public Contribution Water	-	-1,000,000	-113,300	-1,113,300	-	-1,113,300
PIM CENTRE	-106,108	-735,000	-	-735,000	841,108	-
DWAF CONTRIBUTION: FRANSCHOEK	-	-	-	-	-	-
	-15,092,628	-3,035,000	-725,171	-3,760,171	9,838,426	-9,014,373

APPENDIX G

SUMMARY OF EXCEPTIONS / DEVIATIONS: JULY 2008 - JUNE 2009

PPPFA SEC.2(1)(f) - (5 Exceptions = 0.69%)	68,353.00	Preferential Procurement Policy Framework Act, 2000. Sec 2. Framework for implementation of preferential procurement policy.— (1) An organ of state must determine its preferential procurement policy and implement it within the following framework: (f) the contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer;
REG.16(c) WQ - (681 Exceptions = 22.28 %)	2,211,920.64	SCM Reg.16. Written or verbal quotations.— A supply chain management policy must stipulate the conditions for the procurement of goods or services through written or verbal quotations, which must include conditions stating— (c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer; (Delegated to the Chief Financial Officer)
REG.17(1)(c) FWPPQ - (366 Exceptions = 61.20 %)	6,076,273.62	SCM Reg.17. Formal written price quotations.— (1) A supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating— (c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer; (Delegated to the Deputy Director: Finance - To report to the CFO by the 3rd working day of the next month)
REG.31(1)	0.00	Procurement of IT related goods or services - SCM Reg.31(1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
REG.32(1) - (7 Exceptions = 8.41%)	835,283.57	Procurement of goods and services under contracts secured by other organs of state SCM Reg.32. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if – (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state; (b) there is no reason to believe that such contract was not validly procured; (c) there are demonstrable discounts or benefits to do so; and (d) that other organ of state and the provider have consented to such procurement in writing.
DEV-REG.36(1)(a)(i) - (5 Exceptions = 7.42 %)	737,230.36	SCM Reg.36. Deviation from, and ratification of minor breaches of, procurement processes.— (1) A supply chain management policy may allow the accounting officer— (a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only— (i) in an emergency;
DEV-REG.36(1)(a)(ii)	0.00	(ii) if such goods or services are produced or available from a single provider only;
DEV-REG.36(1)(a)(iii)	0.00	(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile
DEV-REG.36(1)(a)(iv)	0.00	(iv) acquisition of animals for zoos; or
DEV-REG.36(1)(a)(v)	0.00	(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and (b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature
UNAUTHORISED EXPENDITURE	0.00	Officials acquired goods and/or Services without an official Order and/or following the correct procurement procedures
FRUITLESS EXPENDITURE	0.00	Expenditure that was made in vain and would have been avoided had reasonable care been exercised
	<u>9,929,061.19</u>	

0.86% of expenditure excluding salaries.

BREAKDOWN OF PROCUREMENT PER CATEGORY:

No.
Trans.

10762	<R2000-NO PROCUREMENT:	6,411,420.13	Acquisitions less than R2,000 - no procurement process is followed for small purchases
2080	3rd PARTY PAYMENT:	123,286,275.93	Transactions where procurement plays no role - contribution payments / S&Ts / etc.
864	COUNCIL POLICY:	16,384,837.71	Study Bursaries / Sponsorships / Donations / etc.
5	DEV-PPPFA SEC.2(1)(f)	68,353.00	The supplier selected for the contract/tenderer did not score the highest points
5	DEV-REG.36(1)(a)	737,230.36	Transactions where no procurement process were followed - Emergencies
453	DWAF: PRE-PROCURED	8,151,768.78	DWAF Contracts where the CWDM did not do the procurement.
18	PAWC: PRE-PROCURED	822.18	PAWC Contracts where the CWDM did not do the procurement.
265	PETTY CASH:	9,675.38	Mainly small out of pocket refunds
2718	QUOTATION PROCESS:	25,694,973.77	Acquisitions made in terms of a full quotation process up to R200,000 - minimum three quotes
59	QUOTES: INVEST/POLICY:	813,000,000.00	Investments are made in terms of council policy - Quotes are obtained from A-Rated Banks
681	REG.16(c) < 3 WQ	2,211,920.64	Acquisitions where it was not possible to obtain at least three quotations up to R10,000
366	REG.17(1)(c) < 3 FWPPQ	6,076,273.62	Acquisitions where it was not possible to obtain at least three quotations between R10,000-R30,000
0	REG.31 SITA	-	Where SITA assists with acquisitions of IT related goods or services.
7	REG.32 ORGANS OF STATE:	835,283.57	Services contracted through Contracts from Other Organs of State
1473	SERVICE ACCOUNTS:	7,045,276.28	Contracts with service providers - Telkom / Vodacom / municipal services / copy machines / etc.
190	SERVICE PROVIDERS:	4,870,216.70	Payments made in terms of contracts/agreements with long-term service providers
228	STATUTORY PAYMENTS:	17,308,812.56	Prescriptive payments made in terms of legislation - licensing / taxes / membership fees / etc.
114	SUBSCRIPTIONS:	1,378,518.19	Service provider is selected for the specific service and cannot be procured - sole providers
17	SUBSIDY:	125,388.03	Mainly seed funding for small farmers / SMMEs / PDLs per pre-qualification
15698	TENDER PROCESS:	125,436,529.99	Acquisitions made in terms of a full tender process on amounts above R200,000
4	UNAUTHORISED EXPENDITURE	165,616.17	Officials acquired goods and/or Services without an official Order
1	FRUITLESS/WASTEFUL EXPENDITURE	342.00	Expenditure incurred without adding any value for money or benefit to Council
<u>36008</u>	TOTAL:	<u>1,159,199,534.99</u>	

DECLARATIONS IN TERMS OF:-

Regulation 44. Prohibition on awards to persons in the service of the state

NONE

Regulation 45. Awards to close family members of persons in the service of the state

NAME:	TOTAL AMOUNT	RELATION:
KLEINPLASIE RESTAURANT The total procurement for the period amounted to:	107,808.19	The owner of the restaurant is the spouse of an official working at Council. The official does not work in the Department: Financial Management Services and has no influence over the SCMU