



**WEST COAST DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

General Information

Mayoral committee

Executive Mayor

Cllr. J H Cleophas

Deputy Executive Mayor

Cllr. J J Josephus

Speaker

Cllr. A Kruger

Cllr. A P Mouton

Cllr. I F Julies

Cllr. M Koen

Cllr. B J Stanely

Other Councillors

Cllr. J Swart

Cllr. R Skei

Cllr. I E Jenner

Cllr. N G Delport

Cllr. C H Heyns

Cllr. W D Loff

Cllr. M Smit

Cllr. C J Snyders

Cllr. S R Claassen

Cllr. W Abels

Cllr. J J Fransman

Cllr. S R Claassen

Cllr. W H Nell

Cllr. J J Fransman

Cllr. J J Cillie

Cllr. S T Vries

Cllr. G N de Bruyn

Cllr. N J A Rust

Cllr. N S Zatu

Grading of local authority

Grade 4

Auditors

AUDITOR GENERAL

Bankers

FIRST NATIONAL BANK

62001436014

FIRST NATIONAL BANK

53060007920

Credit rating

LONG TERM : A-

SHORT TERM : A1-

Registered office

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MOORREESBURG

7310

Postal address

P O BOX 242

MOORREESBURG

7310

Telephone

022 - 433 8400

Fax

086 692 6113

Accounting Officers

H F Prins

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

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I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 58, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

H F Prins
Municipal Manager - 31 August 2011

J Koekemoer
Chief Financial Officer - 31 August 2011

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Current Assets			
Inventories	12	1 193 926	1 135 632
Other trade receivables	14	4 398 716	1 797 704
VAT receivable	15	2 839 234	3 948 561
Trade receivables	13	6 291 647	2 346 611
Current portion of long-term receivable		-	-
Cash and cash equivalents	16	151 324 852	155 554 899
		166 048 375	164 783 407
Non-Current Assets			
Investment property	10	5 033 409	5 125 003
Property, plant and equipment	9	334 012 578	289 082 953
Intangible assets	11	657 537	885 654
		339 703 524	295 093 610
Non-Current Assets		339 703 524	295 093 610
Current Assets		166 048 375	164 783 407
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		505 751 899	459 877 017
Liabilities			
Current Liabilities			
Trade payables	7	32 713 893	25 614 698
Other payables	46	2 320 024	8 913 385
Employee benefits accrual	4	248 448	229 027
Current portion of long-term liabilities	3	7 049 641	5 593 566
		42 332 006	40 350 676
Non-Current Liabilities			
Employee benefit accrual	5	49 952 623	38 463 435
Provisions	4	158 042	149 237
Long-term liabilities	3	91 115 816	63 165 458
		141 226 481	101 778 130
Non-Current Liabilities		141 226 481	101 778 130
Current Liabilities		42 332 006	40 350 676
Liabilities of disposal groups		-	-
Total Liabilities		183 558 487	142 128 806
Assets		505 751 899	459 877 017
Liabilities		(183 558 487)	(142 128 806)
Net Assets		322 193 412	317 748 211
Net Assets			
Accumulated surplus	28	322 193 412	317 748 211

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Property rates	17	867 789	801 368
Service charges	18	73 885 344	64 414 888
Income for agency commission		5 618 203	4 847 824
Government grants & subsidies	8	81 516 905	95 808 789
Other revenue		9 004 319	3 793 478
Other revenue	19	3 782 466	611 805
Infrastructure grants		64 699 203	34 450 858
Interest received - investment		9 549 126	11 172 451
Total Revenue		248 923 355	215 901 461
Expenditure			
Employee related costs	20	(64 671 963)	(55 812 140)
Remuneration of councillors	21	(4 699 812)	(4 550 083)
Depreciation and amortisation		(18 350 515)	(15 011 897)
Finance costs	23	(8 173 633)	(4 013 132)
Repairs and maintenance	22	(65 431 059)	(57 271 878)
Bulk purchases	24	(7 332 445)	(5 627 525)
General Expenses	25	(81 239 805)	(54 744 052)
Total Expenditure		(249 899 232)	(197 030 707)
Gain (loss) on disposal of assets and liabilities		124 736	(180 751)
Revenue		248 923 355	215 901 461
Expenditure		(249 899 232)	(197 030 707)
Other		124 736	(180 751)
(Deficit) surplus for the year		(851 141)	18 690 003

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	292 068 275	292 068 275
Adjustments		
Correction of error	3 150 700	3 150 700
Balance at 01 July 2009 as restated	295 218 975	295 218 975
Changes in net assets		
Changes in accounting estimate due to adoption of GRAP 17	3 839 233	3 839 233
Net income (losses) recognised directly in net assets	3 839 233	3 839 233
Surplus for the year	18 690 003	18 690 003
Total recognised income and expenses for the year	22 529 236	22 529 236
Total changes	22 529 236	22 529 236
Opening balance as previously reported	317 748 210	317 748 210
Adjustments		
Correction of error	736 067	736 067
Balance at 01 July 2010 as restated	318 484 277	318 484 277
Changes in net assets		
Fair value gains, net of tax: Land and buildings	4 560 276	4 560 276
Net income (losses) recognised directly in net assets	4 560 276	4 560 276
Surplus for the year	(851 141)	(851 141)
Total recognised income and expenses for the year	3 709 135	3 709 135
Total changes	3 709 135	3 709 135
Balance at 30 June 2011	322 193 412	322 193 412

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Cash flow statement

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Cash receipts from rate payers, government and other		227 363 567	229 149 915
Interest income		9 549 126	11 172 451
		<u>236 912 693</u>	<u>240 322 366</u>
Payments			
Cash paid to suppliers and employees		(199 545 065)	(199 822 699)
Finance costs		(8 173 633)	(4 013 132)
		<u>(207 718 698)</u>	<u>(203 835 831)</u>
Total receipts		236 912 693	240 322 366
Total payments		(207 718 698)	(203 835 831)
Net cash flows from operating activities	29	<u>29 193 995</u>	<u>36 486 535</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(62 951 585)	(66 670 256)
Proceeds from sale of property, plant and equipment	9	134 398	377 007
Purchase of other intangible assets	11	(13 288)	(260 786)
		<u>(62 830 475)</u>	<u>(66 554 035)</u>
Cash flows from financing activities			
New loan raised		29 406 433	37 631 438
		<u>29 406 433</u>	<u>37 631 438</u>
Net increase/(decrease) in cash and cash equivalents		(4 230 047)	7 563 938
Cash and cash equivalents at the beginning of the year		155 554 899	147 990 962
Cash and cash equivalents at the end of the year	16	<u>151 324 852</u>	<u>155 554 900</u>

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Basis of Preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of Section 91 of the Public Finance Management Act, 1999 (Act number 1 of 1999) and the Accounting Standards Board in terms of Section 89 where applicable.

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	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

The accounting policies for transactions and events that are not specifically covered by the GRAP standards listed above have been developed in accordance with the requirements of paragraphs 7, 11 and 12 of GRAP 3 and the guidance as set out in Directive 5.

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. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The standards are summarised as follows:

IAS 19 (AC 116)	Employee benefits - Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (IAS 19.29, 48-119 and 120A (c) - (q))
IFRS 7 / AC 144	Financial Instruments: Disclosures - Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
IAS 32 (AC 125)	Financial Instruments : Presentation
IAS 39 (AC 129)	Financial Instruments: Recognition and measurement - Initially measuring financial assets and liabilities at fair value. (IAS 39.43, AG 79, AG 64-AG 65 and SAICA circular 9/06)

1.1 Presentation currency

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

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.2 Going concern assumption

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

1.3 Property, plant and equipment

Items of Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at fair value. If the acquired item could not be measured at its fair value, its cost is the measured at the carrying amount of the asset(s) given up.

Assets under construction

The cost of assets under construction includes all expenditure related directly to specific projects still in progress at period end.

Incomplete construction work is stated as historic cost. Capital commitments are specific capital projects approved per tender and budget but still in progress at period end.

Depreciation and impairment losses

Depreciation is recognised in surplus or deficit, using the straight line method, over the estimated useful lives of the assets. Assessment of residual values are performed at acquisition date. Assets under construction are only depreciated once fully completed. The depreciation rates are based on the following:

ASSETS	ESTIMATED USEFUL LIFE
Land	0
Buildings	25 to 30
Other Structures (Infrastructure)	0 to 100
Investment property	0
Intangible Assets	5
Heritage	0
Other	2 to 22

Disposal and retirement of assets

Assets are written off on disposal or retirement or when no future economic benefits or service potential is expected from its continued use or disposal.

The difference between the net book value of assets (cost less accumulated depreciation and impairment losses) and the sales proceeds is reflected as a gain or loss in the surplus or deficit.

Borrowing costs

Borrowing costs are treated in accordance with the provisions of GRAP 5. In accordance with these provisions borrowing costs are interest and other costs incurred in connection with the borrowing of money. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset can be capitalised. Borrowing

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.3 Property, plant and equipment (continued)

costs incurred other than on qualifying assets must be recognised as an expense in surplus or deficit when incurred. The amount of borrowing costs capitalised is limited to the actual borrowing costs incurred on the borrowing less any investment income on the temporary investment of those borrowings.

Residual value and useful lives

Residual value is the estimated amount that is obtained from the disposal of an asset, after deducting the estimated cost of disposal. Useful life is the period over which an asset is expected to be available for use. Residual values, useful lives and depreciation methods are reviewed annually in accordance with the provisions provided in GRAP 17. If the expectations differ from previous estimates the change is accounted for as a change in accounting estimate.

1.4 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

Depreciation is calculated using the depreciable amount, which is the cost of the asset less its residual value.

Cost model

The estimated useful lives for the current and comparative periods are as follows:

Item	Useful life
Property - beach development	25 to 30

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

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

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.5 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. Intangible assets are treated in accordance with the provisions of GRAP 102. In accordance with these provisions intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. The intangible assets under the control of the Municipality, such as computer software (5 years), are amortised according to the straight line method.

After the initial measurement of intangible assets subsequent expenditure is only capitalised if future economic benefits or service potential over the total life of the intangible assets, in excess of the most recently assessed standard of performance of the existing intangible assets, will flow to the Municipality. Identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets in accordance with the policies below.

Other intangible assets that are acquired by the municipality and have finite useful lives are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost, or for a nominal cost, the cost is deemed to be its fair value as at the date of acquisition. Servitudes created through the exercise of legislation are not recognised as intangible assets and any costs incurred to register these servitudes are expensed. Servitudes, however, that are created through an agreement (contract) are recognised as intangible assets.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful life
Other intangible assets	5

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the municipality is able to charge the public for the use of the infrastructure to the end of the concession period.

1.6 Financial instruments

Classification

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

Non - derivative financial assets

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

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

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

Class of financial asset IAS 39 category

Investments in fixed deposits (banking institutions, etc) Held-to-maturity

Trade and other receivables from exchange transactions (consumer debtors) Loans and receivables

Short-term investment deposits Held-to-maturity

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.6 Financial instruments (continued)

Cash and cash equivalents Loans and receivables

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the municipality's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non - derivative financial liabilities

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

The municipality derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

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

Loans and borrowings
Trade and other payables from exchange transactions
Current portion of loans and borrowings

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

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

Finance income and expenses

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Dividend income is recognised in surplus or deficit on the date that the economic entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in surplus or deficit using the effective interest method.

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.6 Financial instruments (continued)

Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

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

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

Financial Assets

Trade receivables

Trade receivables are recognised initially at fair value and measured at amortised cost using the effective interest rate method, less a provision for impairment. This provision is based on a review of all outstanding amounts at year end and is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms. 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. Bad debts are written off during the year in which they are identified. Subsequent recoveries of amounts previously written off are credited against the relevant revenue stream in the statement of financial performance.

Financial Liabilities

Trade payables

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

Long-term liabilities

Long term financial liabilities are classified as financial liabilities that are measured at amortised cost.

Impairment of financial assets

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

Initially, accounts receivable are measured at fair value and subsequently carried at amortised cost using the effective interest method. An estimate is made for doubtful debt using the amount outstanding at year end as a percentage of the total amount charged for the year and applying this to the accounts receivable balance at year end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. 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. An impairment loss is recognised in surplus or deficit and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.6 Financial instruments (continued)

In a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the surplus or deficit to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of non-financial assets

The carrying amounts of non-financial assets, other than investment property and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an assets or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss.

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

1.7 Inventories

Cost

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

The cost of agricultural produce harvested from biological assets is initially measured at fair value less estimated point of sale costs.

Subsequently measurements

Consumable stores, raw materials, work-in-progress and finished goods are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are measured at the lower of cost and current replacement cost where they are held for: distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

Water inventory

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

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.7 Inventories (continued)

new water resources.

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

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

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

1.8 Unutilised conditional grants

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

- Interest earned on 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.

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unspent Conditional Grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue.

1.9 Value added tax

The municipality accounts for Value Added Tax on the cash basis. The Municipality is liable to account for Value Added Tax at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or out of scope for VAT purposes. The timing of payments to / from the South African Revenue Service is the last day of each of the twelve months of the financial year.

1.10 Revenue recognition

Revenue

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

Revenue from exchange transactions

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

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

Service charges

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

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.10 Revenue recognition (continued)

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

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

Services

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

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

Pre-paid electricity

Revenue is recognised at the point-of-sale. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest, royalties and dividends

Interest earned and rentals received

Interest is recognised, in surplus or deficit as it accrues, using the effective interest method.

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

Other

Tariff charges

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

Agency commission

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

The income recognised is in terms of the agency agreement.

Revenue from non-exchange transactions

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

Rates and taxes

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

Donations and contributions

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

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.10 Revenue recognition (continued)

have been met.

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

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

Unconditional grants and receipts

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

Conditional grants and receipts

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

Interest earned is recognised as interest earned in the statement of financial performance.

Recognition

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

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

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

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

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

Transfers

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

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.10 Revenue recognition (continued)

Gifts and donations, including goods in-kind

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

Services in-kind

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

1.11 Provisions

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Site restoration

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

1.12 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits are recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to salaries, performance bonuses and annual leave represents the amounts which the Municipality has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current salary levels at the reporting date

Pension / Retirement Fund

The municipality and its employees contribute to various Pension and Retirement Funds and its councillors contribute to the Pension Fund for Municipal Councillors. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis.

Current contributions are charged against the operating account of the municipality at a percentage of the pensionable remuneration paid to employees or councillors.

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.12 Employee benefits (continued)

Defined benefit plans - Medical Aid: Continued Members

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members. According to the rules of the medical aid funds, with which municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% or 40% of the medical aid membership fee, and the municipality for the remaining 70% or 60%. The municipality adopted a policy whereby the age of staff appointed under the new conditions of service would determine their portion of contribution to the medical aid on retirement.

An Actuarial valuation was performed and a liability was determined as a result of the actuarial valuation. The actuarial valuation will be revised on an annual basis.

The actuarial valuation was calculated based on the following assumptions:

Discount rate of 9.06%, Health care cost inflation rate 7.09% and a net effective discount of 1.83%.

The Council's obligation to provide post-retirement medical aid benefits are defined benefit obligations. The obligation is calculated by estimating the amounts of the future benefit that qualifying employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value, using a discount rate based on market yields, at the balance sheet date, on high quality bonds with maturity dates that most closely match the terms of maturity of the municipality's obligation. The calculation is performed by a qualified actuary using the projected unit credit method. The portion of benefits relating to past service by employees is recognised as an expense on a straight-line basis over the average vesting period. To the extent that the benefits are already vested, past service costs are recognised immediately.

The municipality recognises actuarial gains or losses from defined benefit plans immediately in profit or loss.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested past service costs are recognised immediately.

The amount recognised is the excess determined above divided by the expected average remaining working lives of the employees participating in the that plan.

Accrued Leave Pay

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

Provision for Performance Bonuses

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

1.13 Unauthorised expenditure

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

1.14 Irregular expenditure

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

1.15 Fruitless and wasteful expenditure

In terms of the MFMA, 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.

1.16 Leases

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.16 Leases (continued)

Operating leases - municipality as lessor

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

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

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

Operating leases - municipality as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

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

1.17 Critical accounting estimates and judgements

Impairment of trade and other receivables

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

Provisions

The provisions raised by the municipality are detailed in note 2. These provisions represent management's best estimate of the municipality's exposure. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Actual results may, however, differ from these estimates.

Allowance for slow moving, damaged and obsolete stock

Management has made estimates of the selling price and direct cost to sell of certain inventory items to calculate the allowance to write stock down to the lower of cost or net realisable value. The write down is zero.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions, which include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

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

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

Determination of the recoverable amount of cash-generating assets

Where impairment indicators exist, the determination of the recoverable amount of assets or cash generating units require management to make assumptions to determine the fair value less costs to sell. Key assumptions on which management has based its determination of fair values less costs to sell include projected revenues, earnings multiple, capital expenditure and market share. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of the impairment.

Determination of the recoverable service amount of non-cash generating assets

Where impairment indicators exist, the determination of the recoverable service amount of a non-cash generating asset requires management to make assumptions to determine the fair value less costs to sell and the value in use based on

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.17 Critical accounting estimates and judgements (continued)

the depreciated replacement cost model. Key assumptions include the current replacement cost of non-cash generating assets and in certain instances an assumption about the commissioning date which determines the depreciated replacement cost of the non-cash generating asset.

Provision for impairment of receivables

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for doubtful debt shall be calculated on trade receivables only, i.e. service debtors, levy debtors and housing rentals. The total impairment provision of the municipality shall be calculated per risk category.

1.18 Comparative figures and prior period errors

Comparative figures

Comparative figures have been restated to disclose the effect of the changes in accounting policies.

Prior period errors

Prior period errors have been corrected in terms of GRAP 3, Accounting policies changes in accounting estimates and errors, in the period in which they occurred, or the earliest period reported.

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

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

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

GRAP 18: Segment Reporting

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

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

Anticipated impact on annual financial statements

Additional disclosure is required, which includes segment revenue and expenses as well as the carrying amount of segment assets and liabilities.

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 economic 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 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 as revenue.

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

GRAP 24: Presentation of Budget Information in the Financial Statements

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

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

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

Where the municipality prepares its budget and annual financial statements on a comparable basis, it 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'. The statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

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

GRAP 103: Heritage Assets

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS (continued)

Heritage assets are assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost of fair value of the asset can be measured reliably.

Heritage asset are recognised at cost unless it is acquired through a non-exchange transaction, in which case they are recognised their fair value as at the date of acquisition.

The municipality has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

Heritage assets are subsequently carried at their cost or revalued amount less accumulated impairment. These assets are not depreciated.

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

GRAP 21: Impairment of non-cash-generating assets

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

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

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

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

The standard also includes detailed requirements to be applied in the accounting for:

- Post-employment benefits;
- Other long-term employee benefits;
- Termination benefits.

Anticipated impact on annual financial statements

Requirements of GRAP 25 are similar to the requirements of IAS 19 Employee Benefits applied by the municipality during the 2008/09 financial year except for the fact that GRAP 25 requires actuarial gains and losses to be recognised in full in the year that they occur and past service costs to be recognised as an expense in the reporting period in which the plan is amended. No material impact is expected from these changes.

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS (continued)

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests.

Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument.

Residual interests entitle an municipality to a portion of another municipality's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

The standard contains further detailed guidance on the initial recognition, measurement and subsequent measurement of financial instruments and mainly distinguished between those financial instruments carried at fair value and those at amortised cost.

Anticipated impact on the annual financial statements

No material impact is expected on the measurement of financial instruments as the measurement basis of the economic entity's financial instruments is expected to remain unchanged (ie, at amortised cost and at fair value).

IFRIC 14: IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements - Amendment - Prepayments of minimum funding requirements

The amendments to IFRIC 14 (AC 447) address the accounting treatment for prepayments made when there is a minimum funding requirement.

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

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

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

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

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

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

IFRS 7: Financial Instruments: Disclosures - Amendments to disclosures

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

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

IFRS 7 is amended to state that clarification that disclosure of the amount that best represents an entity's maximum exposure to credit risk is required only if the carrying amount of a financial asset does not reflect such exposure already.

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

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS (continued)

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

The following requirements have been removed from IFRS 7:

Disclosure of the carrying amount of financial assets that would have been past due or impaired if their terms had not been renegotiated.

Disclosure of a the description and fair value of collateral held as security and other credit enhancements in respect of financial assets that are past due but not impaired and in respect of financial assets that are individually determined to be impaired.

Additionally, the clause stating that quantitative disclosures are not required when a risk is not material has been removed from IFRS 7.

The general materiality considerations continue to apply to all disclosures required by IFRS 7 in the same way as they apply to other IFRSs.

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

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

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

Anticipated impact on annual financial statements

The amendments will mainly impact the municipality's qualitative disclosures with regards to financial instruments. There will be no impact of the figures reported by the municipality.

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand 2011 2010

3. LONG TERM LIABILITIES

Local Registered Stock Loans	98 165 457	68 759 024
	-	-
Less : Current portion transferred to current liabilities	(7 049 641)	(5 593 566)
Total External Loans	91 115 816	63 165 458

The Municipality has an unsecured external loan with The Department of Water Affairs at a fixed rate of 15.58%. The redeemable date for the loan is 30 June 2011. The loan is redeemed on a yearly basis as at 30 June of each financial year. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Provisions Department.

The Municipality has an unsecured external loan at The Infrastructure Finance Corporation Ltd at a fixed rate of 12.54%. The redeemable date for the loan is 29 June 2018. The loan is redeemed on a half-yearly basis as at 31 December and 30 June of each financial year. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Provisions Department.

The Municipality has an unsecured external loan at The Development Bank of South Africa at a fixed rate of 11.73%. The redeemable date for the loan is 30 June 2020. The loan is redeemed on a half-yearly basis as at 31 December and 30 June of each financial year. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Provisions Department.

Refer to Appendix A for more detail on long - term liabilities

4. PROVISIONS

Reclamation of refuse landfill site	158 042	149 237
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Reclamation of refuse landfill site

In terms of the licencing of the landfill refuse site, the Municipality will incur rehabilitation costs of R250 000 to restore the site at the end of its economic life, estimated to be in 2019. Provision has been made for the net present value of this cost. The discount rate includes risk associated with cash flow is estimated at 5.90%.

Reconciliation of provisions

Opening balance	149 237	140 923
Additions	8 805	8 314
Utilised during the year	-	-
Reversed during the year	-	-
Unwinding of discount factor	-	-
Closing balance	158 042	149 237

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5. EMPLOYEE BENEFITS

Defined benefit plan	49 009 950	37 520 762
Change in Liability		
Opening balance	37 167 381	33 648 685
Service Cost	1 329 131	1 034 710
Interest Cost	3 278 394	3 020 041
Recognised actuarial gains	9 229 024	1 262 469
Benefits Paid	(1 993 980)	(1 798 524)
Closing balance	49 009 950	37 167 381

Opening balance	353 380	1 615 849
Amount recognised	-	-
Corridor Maximum	8 875 644	3 716 738
Amortisation period	-	19
New gains/(losses)	(9 229 024)	(1 262 469)
Unrecognised actuarial gains / (losses)	-	353 380

Statement of Financial Position

Projected Benefit Obligation	49 009 950	37 520 762
Plan Assets	-	-
Net Obligation/(Asset)	49 009 950	37 167 381
Unrecognised actuarial gains/(losses)	-	353 381
Unrecognised past service cost	-	-
Unrecognised transitional obligation	-	-
Net Obligation/(Asset) in Statement of Financial Position	49 009 950	37 520 762

Net expense recognised in the statement of financial performance

Service cost	1 329 131	1 034 710
Interest cost	3 278 394	3 020 041
Recognised actuarial losses/(gains)	8 875 644	1 262 469
	13 483 169	5 317 220

Carrying value

Opening value	38 783 230	35 264 534
Employer contribution	(1 993 980)	(1 798 524)
Amount recognised in Statement of Financial Performance	13 483 169	5 317 220
Closing value	50 272 419	38 783 230

Key assumptions used

Discount rates used	8,55 %	9,06 %
Medical inflation rate	7,29 %	7,09 %

Sensitivity of results

1% increase in inflation assumption		-
1% increase in accrued liability	5 260 000	4 505 000
	16 %	14 %
1% increase in service cost and interest cost	727 000	630 000
	16 %	16 %
1% decrease in inflation assumption		-
1% decrease in accrued liability	(8 358 000)	(4 432 000)

WEST COAST DISTRICT MUNICIPALITY

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5. EMPLOYEE BENEFITS (continued)

1% decrease in service cost and interest cost	(11)% (590 900) 13 %	(11)% (513 300) (13)%
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History of experience adjustments: Gains and (Losses) (R millions)

Experience adjustment

(A) Plan liabilities	8,000	2,625
(B) Plan assets	-	-

Defined contribution plan

The Cape Joint Pension fund is a defined benefit multi-employer plan which is accounted for as a defined contribution plan. Consequently, any deficit identified is required to be recognised as a liability in the period in which it arises. The portion of the deficit relating to West Coast District municipality needs to be recognised when identified by The Cape Joint Pension fund. At the 30 June 2011, the shortfall relating to the portion allotted to West Coast District Municipality totalled R942 672.	942 672	942 672
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942 672	942 672
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The amount was calculated using the following variables.

Market value of DB Section net assets at 30 June 2008	- 3 251 953 564	
Market value of DB Section net assets at 30 June 2009	- 2 957 536 037	
Investment income of the DB Section		(30)
Rule 17(5) of the fund		5

6. EMPLOYEE BENEFITS ACCRUAL

Performance bonus	248 448	229 027
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Performance bonuses accrue to employees on a yearly basis , subject to certain conditions. The provision is 14% of the actual salary package of the employees.

Reconciliation of provisions

Balance at beginning of year	229 027	458 506
Transfers	-	-
Contributions to provision	194 804	25 319
Interest on Investments	-	-
Expenditure incurred	(175 383)	(254 798)
Balance at end of year	248 448	229 027

7. TRADE PAYABLES

Trade payables	7 811 194	16 832 015
Payments received in advanced - contract in process	46 719	79 233
Accrued leave pay	-	3 181 902
Retentions	5 397 875	3 968 697
Sundry creditors	16 770 550	1 529 290
Deferred operating lease payments	2 687 555	23 561
Trade creditors	32 713 893	25 614 698

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8. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	6 291 637	6 353 736
MIG	3 788 000	7 117 000
Kliprand Electricity	696 888	1 125 725
Moorreesburg Regional Craft Centre	-	201 635
Main Street Program Goedverwacht	-	7 290
Vuna Awards	953 845	327 997
Global Fund	-	1 895 337
Wupperthal - RDP Water	88 092	313 673
MSIG	775 220	1 374 376
Finance Management Grant	1 192 953	1 307 858
Development Unit	69 560	111 131
Capacity Building: Global Fund	705 715	16 887
WCDM Economic Development (Cederberg Gateway)	-	407 236
Western Gateway	5 853	-
WCDM Tourism Road Signage	4 043	162 922
LEGSETA	161 373	933 141
Drought Relief Programme	976 873	360 617
Gateway Vanrhynsdorp	221 135	1 126 810
Drought Relief Programme Kliprand	128 435	105 580
Paternoster Archeo - Tourism trail	-	6 552
Training of Housing Officials	175 682	6 147
Bulk Water Master Plan	500 000	1 500 000
Social Development Projects	49 175	237 753
Alternative Water Reserve Study	213 584	307 966
Asset Management Bulk Water	35 912	-
Rural Area Water	308 186	945 776
DMA Multi Purpose Centres	-	2 959 523
Bucket Eradication Chatsworth	63 682	116 317
Ebenhaeser New Farmers Projects	-	270 535
"Pakhuis" Pass Farmers	-	3 419 202
Committee Summit	-	100 972
Ignite Assist	208 532	84 137
Sportsgrounds DMA	739 454	276 824
GIS DBSA	-	911 781
Spatial Development Framework	-	11 018
Thuson Centre	61 723	-
Cederberg Biosphere	9 051	-
Other Government Grants and Subsidies	63 092 302	61 405 336
	81 516 905	95 808 790

8.1) Equitable share

Balance unspent at the beginning of the year	1 658 995	4 634 398
Current year receipts	4 540 103	3 285 660
Current year interest	92 539	92 673
Conditions met - transferred to revenue	(6 291 637)	(6 353 736)
Conditions still to be met - transferred to liabilities	-	1 658 995

8.2) MIG

Balance unspent at the beginning of the year	-	-
Current year receipts	3 788 000	7 117 000
Current year interest	-	-
Conditions met - transferred to revenue	(3 788 000)	(7 117 000)
Conditions still to be met - transferred to liabilities	-	-

8.3) DMA Electricity

Balance unspent at the beginning of the year	797 641	1 915 652
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Figures in Rand	2011	2010
8. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
Current year receipts	600	-
Current year interest	-	7 715
Conditions met - transferred to revenue	(696 888)	(1 125 725)
Conditions still to be met - transferred to liabilities	101 353	797 642
8.4) Moorreesburg Regional Craft Centre		
Balance unspent at the beginning of the year	-	201 635
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(201 635)
Conditions still to be met - transferred to liabilities	-	-
8.5) Main Street Program Goedverwacht		
Balance unspent at the beginning of the year	-	7 290
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(7 290)
Conditions still to be met - transferred to liabilities	-	-
8.6) Vuna Award		
Balance unspent at the beginning of the year	953 845	1 281 842
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(953 845)	(327 997)
Conditions still to be met - transferred to liabilities	-	953 845
8.7) Global Fund		
Balance unspent at the beginning of the year	-	39 093
Current year receipts	-	1 856 244
Current year interest	-	-
Conditions met - transferred to revenue	-	(1 895 338)
Conditions still to be met - transferred to liabilities	-	(1)
8.8) Wupperthal - RDP Water		
Balance unspent at the beginning of the year	88 092	401 765
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(88 092)	(313 673)
Conditions still to be met - transferred to liabilities	-	88 092

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8. GOVERNMENT GRANTS AND SUBSIDIES (continued)

8.9) MSIG

Balance unspent at the beginning of the year	25 220	664 596
Current year receipts	750 000	735 000
Current year interest	-	-
Conditions met - transferred to revenue	(775 220)	(1 374 376)
Conditions still to be met - transferred to liabilities	-	25 220

8.10) Finance Management Grant

Balance unspent at the beginning of the year	522 313	1 080 171
Current year receipts	1 000 000	750 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 192 953)	(1 307 858)
Conditions still to be met - transferred to liabilities	329 360	522 313

8.11) Development Unit

Balance unspent at the beginning of the year	69 560	180 691
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(69 560)	(111 131)
Conditions still to be met - transferred to liabilities	-	69 560

8.12) Capacity Building: Global Fund

Balance unspent at the beginning of the year	705 715	-
Current year receipts	-	722 602
Current year interest	-	-
Conditions met - transferred to revenue	(705 715)	(16 887)
Conditions still to be met - transferred to liabilities	-	705 715

8.13) WCDM Econ Development (Cederberg Gateway)

Balance unspent at the beginning of the year	-	407 236
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(407 236)
Conditions still to be met - transferred to liabilities	-	-

8.14) Western Gateway

Balance unspent at the beginning of the year	5 853	5 853
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(5 853)	-
Conditions still to be met - transferred to liabilities	-	5 853

8.15) WCDM Tourism Road Signage

Balance unspent at the beginning of the year	4 043	166 965
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(4 043)	(162 923)
Conditions still to be met - transferred to liabilities	-	4 042

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8. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
8.16) LEGSETA		
Balance unspent at the beginning of the year	161 373	805 082
Current year receipts	-	289 432
Current year interest	-	-
Conditions met - transferred to revenue	(161 373)	(933 141)
Conditions still to be met - transferred to liabilities	-	161 373
8.17) Drought Relief Programme		
Balance unspent at the beginning of the year	992 578	1 353 195
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(976 873)	(360 617)
Conditions still to be met - transferred to liabilities	15 705	992 578
8.18) Gateway Vanrhynsdorp		
Balance unspent at the beginning of the year	221 134	739 073
Current year receipts	-	608 871
Current year interest	-	-
Conditions met - transferred to revenue	(221 134)	(1 126 810)
Conditions still to be met - transferred to liabilities	-	221 134
8.19) Drought Relief Kliprand		
Balance unspent at the beginning of the year	128 435	234 015
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(128 435)	(105 580)
Conditions still to be met - transferred to liabilities	-	128 435
8.20) Paternoster Archeo - Tourism trail		
Balance unspent at the beginning of the year	-	6 552
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(6 552)
Conditions still to be met - transferred to liabilities	-	-
8.21) Training of Housing Officials		
Balance unspent at the beginning of the year	184 246	190 393
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(175 682)	(6 147)
Conditions still to be met - transferred to liabilities	8 564	184 246
8.22) Bulk Water Master Plan		
Balance unspent at the beginning of the year	-	-
Current year receipts	500 000	1 500 000
Current year interest	-	-
Conditions met - transferred to revenue	(500 000)	(1 500 000)
Conditions still to be met - transferred to liabilities	-	-
8.23) Social Development Projects		
Balance unspent at the beginning of the year	49 175	286 929
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(49 175)	(237 754)
Conditions still to be met - transferred to liabilities	-	49 175

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8. GOVERNMENT GRANTS AND SUBSIDIES (continued)

8.24) Alternative Water Reserve Study

Balance unspent at the beginning of the year	213 584	521 550
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(213 584)	(307 966)
Conditions still to be met - transferred to liabilities	-	213 584

8.25) Asset Management Bulk Water

Balance unspent at the beginning of the year	158 121	58 121
Current year receipts	-	100 000
Current year interest	-	-
Conditions met - transferred to revenue	(35 912)	-
Conditions still to be met - transferred to liabilities	122 209	158 121

8.26) Ebenhaeser New Farmers Projects

Balance unspent at the beginning of the year	-	270 535
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(270 535)
Conditions still to be met - transferred to liabilities	-	-

8.27) "Pakhuis" Pass Farmers

Balance unspent at the beginning of the year	-	3 312 743
Current year receipts	-	-
Current year interest	-	106 459
Conditions met - transferred to revenue	-	(3 419 202)
Conditions still to be met - transferred to liabilities	-	-

8.28) Bucket Eradication Chatsworth

Balance unspent at the beginning of the year	63 683	-
Current year receipts	-	180 000
Current year interest	-	-
Conditions met - transferred to revenue	(63 683)	(116 317)
Conditions still to be met - transferred to liabilities	-	63 683

8.29) Rural Area Water

Balance unspent at the beginning of the year	308 186	1 253 962
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(308 186)	(945 776)
Conditions still to be met - transferred to liabilities	-	308 186

8.30) Ignite Assist

Balance unspent at the beginning of the year	677 099	-
Current year receipts	-	550 000
Current year interest	-	-
Conditions met - transferred to revenue	(208 533)	127 099
Conditions still to be met - transferred to liabilities	468 566	677 099

8.31) DMA Multi Purpose Centres

Balance unspent at the beginning of the year	-	2 959 523
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(2 959 523)
Conditions still to be met - transferred to liabilities	-	-

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8. GOVERNMENT GRANTS AND SUBSIDIES (continued)

8.32) Cederberg Biosphere

Balance unspent at the beginning of the year	36 982	36 982
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(9 051)	-
Conditions still to be met - transferred to liabilities	27 931	36 982

8.33) Knersvlakte Biosphere

Balance unspent at the beginning of the year	148 058	148 058
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	148 058	148 058

8.34) Spatial Development Framework

Balance unspent at the beginning of the year	-	11 019
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(11 019)
Conditions still to be met - transferred to liabilities	-	-

8.35) Committee Summit

Balance unspent at the beginning of the year	-	100 972
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(100 972)
Conditions still to be met - transferred to liabilities	-	-

8.36) Sportgrounds DMA

Balance unspent at the beginning of the year	739 454	1 016 278
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	(739 454)	(276 824)
Conditions still to be met - transferred to liabilities	-	739 454

8.37) GIS DBSA

Balance unspent at the beginning of the year	-	911 781
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(911 781)
Conditions still to be met - transferred to liabilities	-	-

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8. GOVERNMENT GRANTS AND SUBSIDIES (continued)

Summary of Government Grants and Subsidies

PAWC and State Funds: Various Projects (See note 46)	2 218 671	7 410 030
Other balances not included in Developers or Public Contributions	2 218 671	7 410 030
Developers Contributions - Electricity (See note 46)	101 353	797 641
Public Contributions (See note 46)	-	705 715
Pakhuis Pass Farmers	-	-
Other	-	705 715
	-	-
	2 320 024	8 913 386

9. PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	17 388 231	-	17 388 231	13 062 593	-	13 062 593
Buildings	71 187 431	(12 043 536)	59 143 895	69 520 840	(9 043 486)	60 477 354
Infrastructure	276 569 002	(45 146 164)	231 422 838	224 633 881	(38 498 863)	186 135 018
Other	53 167 201	(27 109 587)	26 057 614	48 134 508	(18 726 520)	29 407 988
Total	418 311 865	(84 299 287)	334 012 578	355 351 822	(66 268 869)	289 082 953

Please refer to the detailed schedule B of Property, Plant and Equipment.

10. INVESTMENT PROPERTY

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Ganzekraal beach development	5 474 271	(440 862)	5 033 409	5 474 271	(349 268)	5 125 003

Reconciliation of investment property - 2011

	Opening balance	Depreciation	Total
Land	3 841 651	-	3 841 651
Buildings	1 283 352	(91 594)	1 191 758
	5 125 003	(91 594)	5 033 409

Reconciliation of investment property - 2010

	Opening balance	Depreciation	Total
Land	3 841 651	-	3 841 651
Buildings	1 632 620	(349 268)	1 283 352
	5 474 271	(349 268)	5 125 003

Fair value of investment properties	8 881 850	8 881 850
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Details of property

The municipality owns a beach development (Ganzekraal). The property is 2332.6578 hectares and the municipality receives

WEST COAST DISTRICT MUNICIPALITY

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10. INVESTMENT PROPERTY (continued)

rental income (camping fees).

11. INTANGIBLE ASSETS

	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Intangible assets	1 151 300	(493 763)	657 537	1 152 313	(266 659)	885 654

Reconciliation of intangible assets - 2011

Carrying values at 1 July	-	-
Cost at the beginning of the period	1 152 312	877 226
First time recognition on implementation of GRAP 102	-	14 300
Correction of Error	(14 300)	-
Additions for the period:	<u>13 288</u>	<u>260 786</u>
Cost at the end of the period	1 151 300	1 152 312
Accumulated amortisation at the beginning of the period	-	-
First time recognition on implementation of GRAP 102	266 659	86 172
Correction of Error	(1 400)	1 400
Current amortisation	<u>228 504</u>	<u>179 087</u>
Less: Accumulated amortisation at the end of the period	493 763	266 659
Impairment losses recognised in profit or loss during the period	-	-
Impairment losses reversed in profit or loss during the period	-	-
Assets classified as held for sale	-	-
Disposals	-	-
Carrying values at 30 June	<u>657 537</u>	<u>885 653</u>

Other information

The municipality acquired intangible assets with finite useful lives of five years. The straight-line method of amortisation will be used to allocate the depreciable amount of an asset on a systematic basis over its useful life.

12. INVENTORIES

Consumable stores - at cost	638 687	682 036
Water - at cost	555 239	453 596
	<u>1 193 926</u>	<u>1 135 632</u>

WEST COAST DISTRICT MUNICIPALITY

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13. TRADE RECEIVABLES

Gross balances

Rates	47 557	60 059
Electricity	45 170	38 230
Water	6 323 502	2 480 567
Sewerage	29 912	38 724
Housing rental	88 966	76 039
Other	11 972	74 045
	6 547 079	2 767 664

Provision for debt impairment

Provision for bad debts	(255 432)	(421 053)
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Net balance

Rates	47 557	60 059
Electricity	45 170	38 230
Water	6 323 502	2 480 567
Sewerage	29 912	38 724
Housing rental	88 966	76 039
Other (specify)	11 972	74 045
Provision for bad debts	(255 432)	(421 053)

Net balance

6 291 647 **2 346 611**

Service debtors

Current (0 -30 days)	6 110 984	2 152 359
31 - 60 days	241 970	153 018
61 - 90 days	90 055	112 252
91 - 120 days	23 431	48 434
121 - 365 days	80 639	225 562

6 547 079 **2 691 625**

Housing rental

Current (0 -30 days)	76 707	51 475
31 - 60 days	11 011	12 092
61 - 90 days	1 146	4 176
91 - 120 days	102	3 362
121 - 365 days	-	4 934

88 966 **76 039**

Summary of debtors by customer classification

Consumers

Current (0 -30 days)	6 110 984	2 203 834
31 - 60 days	241 970	165 110
61 - 90 days	90 055	116 428
91 - 120 days	23 431	51 796
121 - 365 days	80 639	230 496
> 365 days	-	-

6 547 079 2 767 664

Less: Provision for debt impairment

(255 432) (421 053)

6 291 647 **2 346 611**

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

WEST COAST DISTRICT MUNICIPALITY

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14. OTHER TRADE RECEIVABLES

Other	4 376 826	1 714 707
Insurance claim	21 890	82 997
Total other debtors	4 398 716	1 797 704

15. VAT RECEIVABLE

VAT	2 839 234	3 948 561
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VAT is payable on the receipts basis. Only once payments is received from debtors is VAT paid over to SARS.

Reconciliation of VAT accounts

VAT 201 returns as at 30 June	3 591 798	4 275 878
Correction of error	-	-
VAT not claimed on VAT 201 return	45 623	435
VAT Output	(798 187)	(327 752)
Total	2 839 234	3 948 561

16. CASH AND CASH EQUIVALENTS

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

Cash book balances	26 318 782	19 189 307
Short-term investments	125 005 620	136 364 492
Floats	450	1 100
Total cash and cash equivalents	151 324 852	155 554 899

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
First National Bank - Current Account - Account Number 62001436014	23 443 148	24 641 077	26 318 782	19 189 307
First National Bank - Current Account - Account Number 53060007920	2 899 929	54 047	-	-
Floats	-	-	450	1 100
Short-term investments	-	-	125 005 620	136 364 492
Total	26 343 077	24 695 124	151 324 852	155 554 899

The short-term investments included are as follows:

First National Bank (Account no : 61306816905)	2 129 653	6 364 492
Nedcor (Account no : 03/7881714522/60)	10 591 825	-
Absa Bank (Account no : 2069279971)	53 148 602	50 000 000
Nedcor (Account no : 03 / 7881714522 / 62)	31 880 975	30 000 000
Absa Bank (Account no : 2069279939)	27 254 565	50 000 000
Total Investment Deposits	125 005 620	136 364 492

Average Rate of Return on Investments 7.33%

Fixed deposits amounting to R7 049 641 (2010 : R5 593 56) has been ring - fenced for the purpose of repaying long - term liabilities as set out in Note 30.

WEST COAST DISTRICT MUNICIPALITY

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17. PROPERTY RATES

Actual

Residential	867 789	801 368
Commercial	-	-
State	-	-
Total assessment rates	867 789	801 368

Valuations

Residential	853 999 650	854 085 650
Commercial	-	-
State	-	-
Total property valuation	853 999 650	854 085 650

Valuations on land and buildings are performed every four years.
The last valuation came into effect on 1 July 2007.

18. SERVICE CHARGES

Sale of electricity	1 185 564	1 001 786
Sale of water	72 114 786	62 874 596
Sewerage and sanitation charges	584 994	538 506
Fire fighting services	-	-
	73 885 344	64 414 888

19. OTHER REVENUE

Non - exchange transactions

Sundry overpayments	25 727	2 128
Permit fees (inland water)	114 400	87 450
Liquidated damages	2 240	2 072
Interest on debtors	14 084	24 479
Fines	-	3 250
Cemetary fees	240	225
Building plan fees	1 591	2 189
Search fees	1 415	1 123
Sundry income	3 622 769	386 014
Sale of inventory	-	102 875
	3 782 466	611 805

Exchange transactions

Resort income	2 443 719	2 058 559
Rent	1 298 742	1 019 411
Water services	5 261 858	715 508
	9 004 319	3 793 478

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20. EMPLOYEE RELATED COSTS

EMPLOYEE RELATED COSTS		
EMPLOYEE RELATED COSTS	-	-
Employee related costs - Salaries and Wages	43 888 665	37 079 792
Employee related costs - Contributions for UIF, pensions and medical aids	8 656 811	7 504 278
Bonus	2 947 489	2 201 737
Employee related costs - Shortfall contributions to pension fund	-	942 672
Travel, motor car, accommodation, subsistence and other allowances	8 298 957	7 322 240
Overtime payments	4 712 840	3 220 104
Long-service awards	157 561	194 471
Housing benefits and allowances	320 911	1 060 619
Less: Employee costs included in other expenses	(4 311 272)	(3 713 771)
	64 671 962	55 812 142

Remuneration of municipal manager

Annual Remuneration	1 080 648	980 160
Car Allowance	195 273	190 753
Performance Bonuses	48 216	-
Contributions to UIF, Medical and Pension Funds	31 701	34 490
	1 355 838	1 205 403

Remuneration of deputy municipal manager

Annual Remuneration	130 816	344 767
Car Allowance	4 153	24 765
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	850 578	57 660
	985 547	427 192

Remuneration of chief financial officer

Annual Remuneration	728 400	667 574
Car Allowance	26 448	30 310
Performance Bonuses	33 951	87 116
Contributions to UIF, Medical and Pension Funds	160 487	145 898
	949 286	930 898

Remuneration of individual executive directors - Technical Services

Annual Remuneration	763 200	819 324
Car Allowance	13 212	10 373
Performance Bonuses	33 951	83 841
Contributions to UIF, Medical and Pension Funds	253 403	116 921
	1 063 766	1 030 459

Remuneration of individual executive directors - Corporate Services

Annual Remuneration	753 600	669 974
Car Allowance	24 540	51 670
Performance Bonuses	33 951	83 841
Contributions to UIF, Medical and Pension Funds	137 195	122 138
	949 286	927 623

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20. EMPLOYEE RELATED COSTS (continued)

Remuneration of individual executive directors - Community Services

Annual Remuneration	888 000	685 574
Car Allowance	12 065	33 262
Performance Bonuses	25 313	-
Contributions to UIF, Medical and Pension Funds	15 270	124 946
	940 648	843 782

21. REMUNERATION OF COUNCILLORS

Executive Major	605 088	576 275
Deputy Executive Mayor	484 071	336 810
Speaker	484 071	461 019
Councillors and Secretarial support	1 787 213	1 840 220
Councillors' pension contribution	327 575	371 700
Executive Committee Members	1 011 794	964 059
	4 699 812	4 550 083

In-kind benefits

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.

22. REPAIRS AND MAINTENANCE

Repairs and Maintenance consist of the following:

Executive and Council	1 301	9 848
Finance and Administration	551 278	1 484 167
Health	9 020	2 272
Community and Social Services	375 706	1 409 860
Housing	147 849	111 380
Public Safety	552 258	471 555
Road Transport	60 774 657	48 490 455
Water Services	2 897 192	5 092 772
Electricity Services	121 798	199 570
	65 431 059	57 271 879

23. FINANCE COSTS

Long term liabilities	8 173 633	4 013 132
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24. BULK PURCHASES

Electricity	1 277 673	700 367
Water	6 054 772	4 927 158
	7 332 445	5 627 525

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25. GENERAL EXPENSES		
Advertising	522 367	400 756
Assessment rates & municipal charges	407 819	358 007
Auditors remuneration	1 456 023	1 044 496
Computer expenses	587 949	426 971
Insurance	174 285	192 794
Rental offices	192 074	263 197
Water demand management	85 880	308 535
Lease rentals on operating lease	10 679 356	6 673 588
Medical aid fund	6 011 172	4 922 618
Vehicle: petrol & oil	199 129	203 433
Leave fund	447 857	1 083 181
Contribution to free municipal service	1 471 953	2 789 294
Fuel and oil	1 923 425	1 486 896
Infrastructure C.MIP	-	7 117 000
Printing and stationery	695 844	906 472
Project maintenance costs	1 442 035	1 477 338
Security officers	423 144	416 035
Telephone and fax	1 757 284	1 756 743
Transport and freight	2 039 280	1 573 960
Subsistence allowances	857 287	763 813
Electricity	10 660 889	8 516 461
Water and milk samples	251 033	260 972
Chemicals	4 892 799	5 019 616
Skills development levy	542 858	466 971
Exhibitions	648 680	501 633
Contributions and grants	787 633	432 539
Professional service	1 954 479	855 615
Interest transfer	214 814	235 420
Housing operators	376 854	347 259
Other operating expenses	29 535 603	3 942 439
	81 239 805	54 744 052

26. CORRECTION OF ERROR

26.1) PROPERTY, PLANT AND EQUIPMENT

	Opening balance before reclassification	Adjustment	Balance after adjustments
Other asset			-
During the current financial year the municipality corrected an error. A cost of R18 120 was incorrectly deducted in the annual financial statements as first time adoption of GRAP 17.	289 082 952	18 120	289 101 072
Net effect on property, plant and equipment	289 082 952	18 120	289 101 072

26.2) VAT

During the current financial year the municipality corrected a error. Amount of R664 582 relating to Input VAT was not claimed from the South African Revenue Service in the financial statements for the year ended 30 June 2010.	3 948 561	664 582	4 613 143
Input Vat not claimed			-
	3 948 561	664 582	4 613 143

26.3) Retaining fees

During the current financial year the municipality corrected a error. An amount of R66 265 was reversed as unspent funds in the financial statements	-	66 265	-
	-	66 265	-

26.4) Intangible assets

			-
			-

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26. CORRECTION OF ERROR (continued)		
Intangible assets incorrectly classified as first time recognition on implementation of GRAP 102	885 653	(14 300) 872 753
Intangible assets - reclass to amortisation	-	1 400 -
	<u>885 653</u>	<u>(12 900) 872 753</u>

CORRECTION OF ERROR - 30 June 2011

Opening accumulated surpluses as previously reported	317 748 210
Surplus	<u>736 067</u>
Correction of error Other Assets	18 120
Correction of error previously deducted from Intangible Assets	(14 300)
Correction of Intangible amortisation	1 400
Correction of retaining fee income	66 265
Correction of VAT expense	664 582
	<u>318 484 277</u>

27. CHANGE IN ACCOUNTING ESTIMATE

Property, plant and equipment

Cost

The following change in estimate amounting to R 224 976 (2009: R 0) was made to cost reported in the financial statements of this Municipality and is applied prospectively.

The change in accounting estimate is due to the efforts of this Municipality to comply with GRAP 17 (Property, plant and equipment) within the transitional provisions provided by the Accounting Standards Board. The municipality had noted that these assets had a zero book value at year end and then had re-assessed the value and useful life of these assets.

Cost Adjustment	224 976	-
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The following change in accounting policy amounting to R 4 335 300 (2009: R 0) was made to cost reported in the financial statements of this Municipality and is applied retrospectively.

The change in accounting policy is due to the efforts of this Municipality to comply with GRAP 17 (Property, plant and equipment) within the transitional provisions provided by the Accounting Standards Board. Previously these assets had a cost of zero or depreciated to zero. These assets have now had their useful lives re-evaluated and been revalued based on the condition of the asset and the depreciable replacement cost.

Cost Adjustment	4 335 300	-
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Net effect on the Accumulated Surplus	<u>4 560 276</u>	<u>-</u>
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28. ACCUMULATED SURPLUS

Balance as at 1 July 2008	265 163 890	
Initial adoption of GRAP 17	4 929 956	
Net surplus for the year	21 974 429	
	<hr/>	
Balance as at 1 July 2009 previously reported	292 068 275	
Correction of Error	3 150 701	
	<hr/>	
Restated Balance as at 1 July 2009	295 218 976	
Change in accounting estimate due to adoption of GRAP 17	3 839 232	
Net surplus for the year	18 690 002	
	<hr/>	
Balance as at 30 June 2010	317 748 210	
Correction of error	736 067	
	<hr/>	
Restated Balance as at 1 July 2010	318 484 277	
Change in accounting estimate due to adoption of GRAP 17	4 560 276	
Net income/loss for the period	(851 141)	
	<hr/>	
Balance at 30 June 2011	322 193 412	

29. CASH GENERATED FROM OPERATIONS

(Deficit) surplus	(851 141)	18 690 003
Adjustments for:		
Depreciation and amortisation	18 350 515	15 011 897
Loss on PPE	(124 736)	180 751
Error note	5 291 120	-
First time recognition of intangible	-	(12 900)
Changes in working capital:		
Inventories	(58 294)	(116 112)
Other debtors	(2 601 012)	(118 637)
Debtors	(3 945 035)	2 278 826
Current portion of long-term receivable	-	263 448
Trade payables	7 099 198	11 100 117
VAT	1 109 327	2 521 972
Benefits accrual	19 421	(229 479)
Other payables	(6 593 361)	(16 290 566)
Provisions	8 805	8 314
Employee benefit	11 489 188	3 198 901
	<hr/>	
	29 193 995	36 486 535

30. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long - term liabilities (see Note 3)	98 165 457	68 759 024
Used to finance property, plant and equipment	(98 165 457)	(68 759 024)
Cash set aside for the repayment of long-term liabilities	7 049 641	5 593 566
	<hr/>	
Cash invested for repayment of long - term liabilities	7 049 641	5 593 566

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

31. UNAUTHORISED EXPENDITURE

Reconciliation of Unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
	<hr/>	
Unauthorised expenditure awaiting authorisation	-	-

32. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of Fruitless and wasteful expenditure

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32. FRUITLESS AND WASTEFUL EXPENDITURE (continued)		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-
33. IRREGULAR EXPENDITURE		
Opening balance	2 622 741	520 252
Add: Irregular Expenditure - current year	-	2 174 489
Awards to persons in service of state	-	86 250
Irregular expenditure current year	-	2 088 239
Less: Condoned or written off by Council	(2 622 741)	(72 000)
Irregular expenditure awaiting condonement	-	2 622 741
The irregular expenditure will be submitted to council for condonement		
34. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
34.1) Contributions to organised local government		
Opening balance	-	-
Council subscriptions	203 573	-
Amount paid - current year	(203 573)	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
34.2) Audit fees		
Opening balance	-	-
Current year audit fee	1 456 022	1 044 496
Amount paid - current year	(1 456 022)	(1 044 496)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
34.3) PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	11 892 435	9 069 611
Amount paid - current year	(11 892 435)	(9 069 611)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
34.4) Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	8 645 425	7 197 127
Amount paid - current year	(8 645 425)	(7 197 127)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

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34. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

34.5) VAT

VAT receivable	2 839 234	3 948 561
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VAT inputs receivables and VAT output receivables are shown in note 15.

All VAT returns have been submitted by the due date throughout the year.

34.6) Councillors' arrear consumer accounts

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

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
30 June 2011			
Cllr. C Ovies	98	-	98
30 June 2010			
Cllr. C Ovies	45	-	45

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

	Highest outstanding amount	Aging (in days)
30 June 2011		
Cllr. C Ovies	-	98
30 June 2010		
Cllr. C Ovies	-	45

35. CAPITAL COMMITMENTS

Authorised capital expenditure

Commitments in respect of capital expenditure

Approved and contracted for	12 700 570	25 447 250
Other Structures (Infrastructure)	12 700 570	25 447 250
Other	-	-
	12 700 570	25 447 250

This expenditure will be funded from the External Loan and Accumulated Surplus

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36. RETIREMENT BENEFIT INFORMATION

The Municipality provides retirement benefits for all its permanent employees through a defined contribution plan, which is subject to the Pension Fund Act, 1956 as amended. The Municipality's contributions to the plan during the year were:

Cape Joint Pension Fund	296 528	273 231
Cape Joint Pension Fund shortfall	942 672	942 672
Cape Joint Retirement Fund	13 205 169	8 912 451
Councillors Pension Fund	627 852	670 494
Defined contribution plan	15 072 221	10 798 848

Cape Joint Pension fund, which is a defined multi - employer contribution fund. Contribution ratio employees 9% and Council 18%.

Cape Joint Retirement Fund, which is a defined multi - employer contribution fund. Contribution ratio employees 9% and Council 18 %.

Councillors of the West Coast District Municipality are members of the Municipal Councillors Pension Fund, which is a defined contribution plan. Contribution ratio Councillors 13.75% and Council 15%.

Multi employer funds are treated as defined contribution funds.

Shortfall

Amount outstanding from the Cape Joint Pension Fund.

942 672 942 672

The amount was calculated using the following variables.

Market value of DB Section net assets at 30 June 2008

- 3 251 953 564

Market value of DB Section net assets at 30 June 2009

- 2 957 536 037

Investment income of the DB Section

- (29 770 006)

Rule 17(5) of the fund

5

37. RELATED PARTIES

The following related parties exist:

National Treasury

Provincial Treasury

Department of Water Affairs and Forestry

Infrastructure Finance Corporation Ltd (INCA)

Development Bank of South Africa (DBSA)

ABSA Bank

H F Prins (Municipal Manager)

C January (Deputy Municipal Manager)

J Koekemoer (Chief Financial Officer)

W Markus (Director: Corporate Services)

I A B van der Westhuizen (Director: Technical Services)

M Boois (Director: Community Services)

Related party balances

Grants received from related parties

National Treasury	6 037 999	11 577 939
Provincial Treasury	2 703 499	5 505 655
Department of Water Affairs and Forestry	600 000	1 360 000
Private donations	600	-

Loan from related parties

Department of Water Affairs and Forestry	-	1 138 809
Infrastructure Finance Corporation Ltd (INCA)	24 988 271	27 120 215
Development Bank of South Africa (DBSA)	38 177 185	40 500 000
ABSA Bank	35 000 000	-

Purchases of goods and services from related parties

Department of Water Affairs and Forestry	6 054 772	4 927 158
Eskom	1 278 422	700 367

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38. LEASES

The total future minimum operating lease payments payable under existing operating lease arrangements are categorised as follows:

a) Within one year of the reporting date	5 347 866	3 639 598
b) More than one year but less than five years of the reporting date, and	37 027 570	249 016
c) More than five years of the reporting date	26 286 700	-
Total future minimum operating lease payments	68 662 136	3 888 614

The Accounting Standards Board has, in terms of directive 4 issued Transitional provisions paragraph .53 - .60 to medium and low capacity municipalities where the requirements of the Standard of GRAP on Leases will not apply to an item until the transitional provisions in the relevant Standards of GRAP expire.

The municipality entered into an operating lease for the rental of two photocopiers and 2 fax machines for five years with Mdluli Sharp. The date of inception was December 2007 with no escalation clause. The equipment numbers of the photocopiers are AR 1161.

The municipality entered into an operating lease for the rental of five photocopiers for a five year period with Minolta. The serial numbers of the photocopiers are 21765659, 21765661, 21718750, 21718734 and 21765621. There are no escalation clause.

The municipality entered into an operating lease for the rental of photo-copiers with Cape Office Machines. The serial numbers of the photo-copiers are 3639688703 and 3639688720. There are no escalation clause.

An operating lease transaction exists between the Council and the West Coast Financing Partnership for a ten year period. The payments are payable every six months. The properties is section 36 of the farm Yzervarkensrug number 125 and section 3 of division Malmesbury farm number 91.

The municipality entered into an operating lease for the rental of a emergency and disaster management information system. The lease is between Africon and the municipality. The contract is for a 3 year period.

The municipality entered into an operating lease for the rental of two offices. The lease is between Frank Family Trust and the Municipality. The contract is for a 1 year period. The property involved is Voortrekker Road 47 Malmesbury.

The municipality entered into an operating lease for the rental of offices. The lease is between Zandbou Constructions and the Municipality. The contract is for a 1 year period. The property involved is erf 859 Riebeeck-West.

The municipality entered into an operating lease for the rental of offices. The lease is between Jan & Marcelle Ellis and the Municipality. The contract is for a 3 year period. The property involved is "Soetkysie Centre 28 Piketberg".

The municipality entered into an operating lease for the rental of offices. The lease is between Carit Estate and the Municipality. The contract is for a 3 year period. The property involved is erf 6429 Vredenburg.

The municipality entered into an operating lease for the rental of offices. The lease is between J F J Swart and the Municipality. The contract is for a 3 year period. The property involved is erf 1472 Clanwilliam.

The municipality entered into an new operating lease for the rental of offices. The lease is between Carit Estate and the Municipality. The contract is for a 1 year period. The property involved is erf 6429 Vredenburg.

The municipality entered into an operating lease for the rental of offices. The lease is between Pelican Harbour and the Municipality. The contract is for a 2 year period. The property involved is site number 4.

The municipality entered into an operating lease for the rental of offices. The lease is between Pelican Harbour and the Municipality. The contract is for a 3 year period. The property involved is site West Coast Farmstal corner of R27 and R315, Yzerfontein.

The municipality entered into two operating leases agreements with Telkom SA which will take effect as soon as the services are delivered. The contract is for a 5 year period with no escalation clause.

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39. FINANCIAL RISK MANAGEMENT

Overview

The Municipality has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

The council has overall responsibility for the establishment and monitoring of the Municipality's risk management policies and procedures which have been established to identify and analyse the risks faced by the municipality to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the municipality's activities.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Municipality monitors cash flow requirements and has arranged credit facilities with its suppliers.

Interest rate risk

The Municipality finances its operations through a combination of credit from suppliers, and retained reserves and generally adopts a policy of ensuring that its exposure to changes in interest rates is on a fixed rate basis. The Municipality does not utilise derivative financial instruments to hedge its interest rate risk exposures.

Credit risk

Credit risk is the risk of financial loss to the Municipality if a consumer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Municipality's receivables from consumers.

The municipality's exposure to credit risk is influenced mainly by the individual characteristics of consumer. There is no significant concentration of unsecured credit risk.

An allowance for bad debt is established based on managements' estimate of identified incurred losses in respect of specific trade and other receivables. Bad debts identified are written off on a yearly basis.

Reputable financial institutions are used for investing and cash handling purposes.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rate will affect the Municipality's income. The objective of market risk management is to manage and rate will affect the Municipality's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The policy of the Council is to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business. There were no changes in the Municipality's approach to capital management during the year.

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40. FINANCIAL INSTRUMENTS

40.1) Credit risk

The carrying amount of receivables and loans represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade and other receivables	10 690 363	4 144 316
	-	-
	10 690 363	4 144 316

The ageing of trade and other receivables at the reporting date was:

Current	10 509 700	4 001 539
30 Days	241 970	165 110
60 Days	90 055	116 428
90 Days	23 431	51 796
120 Days plus	80 639	230 496
	10 945 795	4 565 369
Provision for bad debt	(255 432)	(421 053)
	10 690 363	4 144 316

The movement in the allowance for bad debt in respect of trade receivables over the year was:

Balance at the beginning of the year	421 043	276 519
Contributions to provision	214 247	276 607
Interest on Investment	31 577	30 887
Expenditure incurred	(411 445)	(162 960)
	255 422	421 053

The allowance for bad debts in respect of trade receivables is used to record impairment losses until the Municipality is satisfied that no recovery of the amount owing is possible. At that point the amount is considered irrecoverable and written off directly against the financial assets.

40.2) Liquidity risk

The following are contractual maturities of financial liabilities, including interest payments and excludes the impact of netting agreements:

Non-derivative financial assets	Carrying Amount	Contractual Cash Flows	Within 1 Year	2 - 5 Years	More than 5 Years
2011					
Trade and other receivables	10 690 363	10 690 363	10 690 363	-	-
Cash and cash equivalents	151 324 852	151 324 852	151 324 852	-	-
	162 015 215	162 015 215	162 015 215	-	-
Non-derivative financial liabilities	Carrying Amount	Contractual Cash Flows	Within 1 Year	2 - 5 Years	More than 5 Years
2011					
Trade and other payables	29 150 365	29 150 365	29 150 365	-	-
Deferred Grants	2 320 024	2 320 024	2 320 024	-	-
Long term liabilities	98 165 457	98 165 457	7 049 641	22 398 451	68 717 365
	129 635 846	129 635 846	38 520 030	22 398 451	68 717 365

40.3) Interest rates risks

The Municipality's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

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Non-derivative financial assets	Interest rate	Within 1 Year	2 - 5 Years	More than 5 Years
2011				
Assets				
Trade and other receivables	11.5%	10 690 363	-	-
Cash and cash equivalents - Short term investments	8.43%	125 005 620	-	-
Cash and cash equivalents - Cash book balances	5 floating	26 318 782	-	-
-		162 014 765	-	-

Non-derivative financial liabilities	Interest rate	Within 1 Year	2 - 5 Years	More than 5 Years
2011				
Liabilities				
Trade and other payables	interest free	29 150 365	-	-
Deferred Grants	interest free	2 320 024	-	-
Long term liabilities	15.58%, 12.54% and 11.73%	7 049 641	22 398 451	68 717 365
-		38 520 030	22 398 451	68 717 365

Sensitivity analysis

An increase of 1% in interest rates at 30 June would have increased/(decreased) financial assets and profit or loss by the amounts shown below. A decrease of 1% in interest rates at 30 June would have had the equal but opposite effect on the above financial instruments, on the basis that all other variables remain constant.

Non-derivative financial liabilities	Statement of Financial Position	Profit or loss	-
2011			
Trade and other receivables	10 690 363	106 904	-
Cash and cash equivalents - Short term investments	125 005 620	1 250 056	-
Cash and cash equivalents - Cash book balances	26 318 782	263 188	-
	162 014 765	1 620 148	-

4) Fair values

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the balance sheet.

WEST COAST DISTRICT MUNICIPALITY

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41. ACCOUNTING POLICY DEVELOPMENTS

The Minister of Finance has, in terms of Section 91 of the Public Finance Management Act, 1999 (Act number 1 of 1999), prescribed the following Standards set by the Accounting Standards Board in terms of Section 89:

At the date of authorization of these financial statements, the following Standards were in issue but not yet effective.

GRAP 18 - Segment Reporting
GRAP 21 - Impairment of non-cash-generating assets
GRAP 23 - Revenue from non-exchange transactions (taxes and transfers)
GRAP 24 - Presentation of budget information in financial statements
GRAP 26 - Impairment of cash generating assets
GRAP 103 - Heritage assets
GRAP 104 - Financial Instruments

The effective date of these Standards are for periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91 (1)(a) of the Public Finance Management Act, Act No.1 of 1999 as amended if applicable.

Management began with a programme to establish the fair value of assets initially recognised at a nominal value during first time adoption of Generally Recognised Accounting Practice. This programme has been in progress for two years and management should ensure that this is completed by 30 June 2011.

Management has evaluated all of these Standards and the impact on future financial statements and has come to the conclusion that the impact of implementation of the above Standards are not significant.

42. CONTINGENT LIABILITIES

The municipality is being sued by Blaauw for injuries sustained in an accident in 2004. Council is contesting the claim based on legal advice. This is a High Court matter. The legal experts believe that the trial will be in 2009/2010 and that the Municipality has a reasonable chance of success. The case number is 385/07. The amount includes estimated legal fees and possible losses.	-	725 000
The Municipality is being sued by Bovidae (Pty) Ltd for breach of contract. Council is contesting the claim based on legal advice. The legal experts believe the Municipality has a reasonable chance of success. The case number is 642/05. The amount includes estimated legal fees and possible losses.	-	400 000
The municipality is being sued by Jicama 17 (Pty) Ltd for the loss of income from collecting Regional Services Council Levies. Council is contesting the claim based on legal advice. This is a High Court matter. The case number is 5464/06. The amount includes estimated legal fees and possible losses.	-	2 772 537
The municipality is being sued by Tredoux, wife and on behalf of her minor (child) for injuries sustained in an accident within the boundaries of the WCDM. Council is contesting the claim based on legal advice. The legal experts believe that the municipality has a reasonable chance of success. The case number is 6660/08. This is a High Court matter. The amount includes estimated legal fees and possible losses.	1 263 161	1 263 161
The municipality is being sued by Mr J A Kock an ex-worker for injuries contained while in the service of the municipality. Council is contesting the claim based on legal advice. The legal experts believe the municipality has a strong chance of success. The amount includes estimated legal fees and possible losses.	850 000	850 000

2 113 161	6 010 698
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WEST COAST DISTRICT MUNICIPALITY

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43. ADDITIONAL DISCLOSURES IN TERMS OF SUPPLY CHAIN MANAGEMENT REGULATION

1. In terms of the Supply Chain Regulations No. 27636 - 30 May 2005 section 36 (1 - 3) a municipality is allowed to deviate from, and ratification of minor breaches of, the supply chain management processes. As per the reporting period the municipality had the following deviations from, and ratification of the supply chain management processes:

JJJ Elektries	-	6 202
Ultra Hersteldienste	-	6 983
Battery Centre Vredendal	-	2 294
Stephan Du Plessis Grondverskuiwing	-	21 443
PPC Cement	-	114 000
Infraset	-	5 309
Makro Milnerton	-	2 238
Spannies	-	4 577
Bester Tegniese Dienste BK	-	14 250
Chevron SA PTY (Ltd)	-	7 766
Ferobrake	-	4 403
Sandveld Ingenieurswerke	-	50 160
Paradigm Projects	-	3 976
Steve's Electrical	-	4 004
Claudes Atlantis	-	1 314
Sulzer Pumps SA	-	8 778
Swartland Décor	-	195
Isuzu Truck Centre	-	1 682
Electro Diesel Motolek	-	1 068
J&E Motor Elektriese Dienste	-	3 169
Deloitte Consulting	-	55 290
Bell Equipment Co	-	11 306
Maxiprest Vredendal	-	560
MCBRI Marketing Enterprises	-	2 159
AUMA South Africa	-	4 104
Clanwilliam Exhaust & Tyre	-	1 500
Clanwilliam Exhaust & Tyre	-	3 420
Wear Check Africa	-	2 599
Sarlene Gordyne	-	2 177
Ultra Hersteldienste	-	4 209
Hitachi	-	5 025
Precision Diesel	-	9 305
Andrag	-	2 609
Flex it Engineering	-	12 500
DIMD Services	-	44 329
Babcock	-	5 270
Flex it Engineering	-	9 558
Babcock	-	5 270
Allweld Marine&Industrial	-	33 413
ACTOM	-	7 605
ACTOM	-	9 268
Pro Adz	-	10 254
Equipment Spare Parts Africa	-	2 980
Equipment Spare Parts Africa	-	2 152
Equipment Spare Parts Africa	-	63
Steve's Electrical	-	5 010
Combined Systems Group	-	10 260
Daniel Brink Motors	-	7 817
Diesel Repair Centre	-	16 591
Universal Steel Enterprises	-	1 322
Makwa Groothandel	-	2 661
Wear Check Africa	-	2 599
Jowells Garage/Toyota	-	2 073
Silver Solutions	-	518
Hitachi Construction Machinery	-	6 891
Bell Equipment Co	-	3 459
Bell Equipment Co	-	9 102
Spannies	-	3 460

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43. ADDITIONAL DISCLOSURES IN TERMS OF SUPPLY CHAIN MANAGEMENT REGULATION (continued)		
Flip v/d Merwe Elektries	-	166 360
Allweld Marine&Industrial	-	9 834
JJJ Elektries	-	6 462
Vredendal Agrimark	-	378
JB's Nissan	-	10 148
Moorreesburg Velddienste	-	6 874
Universal Steel Enterprises	-	6 726
Steyn's Elektries	-	758
DC Engineering	-	19 699
Rocktech Earthmoving Wearparts Cape	-	6 840
Toker Bros	-	10 973
Creative Designs	-	540
Imperial Toyota Parow	-	8 127
Allweld Marine&Industrial	-	57 535
Sulzer Pumps SA	-	6 270
Lizmar Elektriese Dienste	-	6 259
De Kock Breakdown	-	8 900
Steve's Electrical	-	2 180
Diesel Repair Centre	-	30 079
FFA Aviation	-	6 363
MC Bakwerke	-	3 380
Steyns 4x4	-	14 175
Silverton Radiators	-	7 250
HPA Onderdele	-	6 042
FFA Aviation	-	370 021
JJJ Elektries	-	3 555
CSIRIWNNR	-	7 644
Steyns 4x4	-	15 608
Erasmus Tyre Services	-	684
Moorreesburg Ingenieurs	-	1 096
Flex-it Engineering	-	24 361
Sizisa Ukhanyo Trading	-	19 380
Water & Drain	-	2 383
CAPMAN	-	108 840
Engine & Gearbox Master	-	28 500
Saayman Springworks	-	8 451
Allweld Marine&Industrial	-	5 385
DC Engineering	-	20 550
DC Engineering	-	28 092
Moorreesburg Verkoeling	-	6 361
Flex-it Engineering	-	28 965
Porterville Distribution	-	3 989
VIC Nelson	-	2 192
Stepahn Du Plessis Grondverskuiwing	-	66 476
AUMA South Africa	-	45 345
Indecon Instrumentation	-	2 907
Hydromatic	-	26 933
Jurgens Kotze	-	2 043
DC Engineering	-	13 195
Hydromatic	-	4 798
Flex-it Engineering	-	6 600
Allweld Marine&Industrial	-	72 405
Graham Tech Systems	-	79 800
Peninsula Water Treatment	-	2 850
DEMCA MCP	-	7 790
Afrimat	-	30 097
Universal Steel Enterprises	-	6 348
HPCSA	-	2 640
Jan & Marcelle Ellis	-	4 140
Carit Eiendomme	-	9 966
Mubesko Africa	-	18 947
Portao investment	-	14 250
Porterville Distribution	6 000	-

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43. ADDITIONAL DISCLOSURES IN TERMS OF SUPPLY CHAIN MANAGEMENT REGULATION (continued)		
MCB Marketing and Engineering	5 000	-
J & E Electrical	2 110	-
Emil's Place	2 160	-
Lambertsbay Hotel	6 250	-
West Coast Safari's and Quads	3 900	-
JB's Nissan	4 638	-
ELB	2 253	-
Gourmet Coffee Roasters	2 301	-
Daniel Brink Motors	7 576	-
Malmesbury Motors	2 873	-
Quantec	22 252	-
Excelcom	2 838	-
Steve's Electrical	1 020	-
AAD Truck and Bus	3 775	-
J J J Electrical	1 871	-
Oasys Innovations	11 192	-
K Coetzee	8 550	-
West Coast Escape Magazine	6 000	-
Business Engineering	107 559	-
Enviroserv (Waste Tech)	5 328	-
Reflect All Compressors	4 332	-
Centeq Networking	513	-
J J J Electrical	829	-
Ons Kontrei	2 261	-
Fire Raiders	39 959	-
Hidro-Tech Systems	2 236	-
Auma	6 240	-
Weskus Media	12 027	-
Weskus Media	3 006	-
Motolec	2 849	-
Flexit	1 995	-
Daniel Brink Motors	3 203	-
Water and Drain	1 200	-
B P Atlantic	5 387	-
Samras	6 612	-
Brubin Pumps	15 335	-
Syntell	6 840	-
Dillion Welding	13 680	-
Auma	42 919	-
FFA Group of Companies	3 149 869	-
West Coast Petroleum	2 648	-
Trentyre	4 047	-
Marine and General Cleaning Services	2 821	-
Sizonke Trading	78 811	-
Smit Engineerswerke	4 104	-
ELB	4 009	-
SSE	3 933	-
Brand Nissan Vredendal	2 389	-
ELB	2 253	-
FFA Group of Companies	223 309	-
Gemtronics	3 904	-
DC Engineering	11 040	-
Malmesbury Toyota	6 640	-
Greater Cederberg FPA Ground Team	19 913	-
Engine & Gearbox Master	61 145	-
Waste Tech	5 328	-
Maxal Projects	3 214	-
National Laboratory Association	12 312	-
Selectech	8 873	-
LH Marthinusen	85 000	-
Endress and Hauser	19 972	-
Kelcom (Pty) Ltd	3 500	-
3-2-1 Design	3 000	-

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43. ADDITIONAL DISCLOSURES IN TERMS OF SUPPLY CHAIN MANAGEMENT REGULATION (continued)		
Tjeka Training	15 900	-
Ferobrake	4 554	-
Capman (Pty) Ltd	120 000	-
Precision Diesel	2 506	-
Malmesbury Toyota	7 262	-
MKB Hyundai	2 769	-
Palama	11 524	-
Witch and Wizard Creative	157 828	-
EuroSA Tourism - France	5 000	-
DEHTEQ	17 403	-
Maxal Projects	2 331	-
Boland Diesel	4 745	-
Saayman's Springworks	5 643	-
PAWC	14 116	-
Gholf Club Moorreesburg	5 000	-
Nortern Hydraulic Centre	2 984	-
ELB	9 246	-
Swartland Garage Doors	2 000	-
Water and Drain	2 640	-
Moorreesburg Spar	270	-
Brand Nissan	3 617	-
LJH Rix	19 200	-
West Coast Plant Hire	4 339	-
Engine and Gearbox Master	9 952	-
Moorreesburg Spar	320	-
D E Smit Verkoelingsdienste	1 003	-
J J Verkoeling	900	-
PMR Africa	2 800	-
F.E.S	2 241	-
Perdeberg Motors	2 822	-
Malmesbury Toyota	3 002	-
Trentyre	7 433	-
Saayman's Springworks	4 292	-
Paradigm	11 029	-
ELB	2 253	-
Hino Parow	2 679	-
Moorreesburg Verkoeling	2 500	-
Cummins	2 517	-
Vredendal Volkswagen	2 578	-
ELB	2 253	-
Duma	5 760	-
I Like	8 925	-
Man Cape Town	15 500	-
SABS Commercial	1 185	-
SABS Commercial	5 216	-
Witch and Wizard	2 240	-
Malmesbury Toyota	3 062	-
Bell Equipment	2 529	-
SSE Cape	21 856	-
Endress + Hauser	8 816	-
FFA Aviation	536 837	-
ELB Equipment	2 934	-
Moorreesburg Verkoeling	3 000	-
JB's Nissan	2 058	-
Tour & Safari	4 293	-
Sustainable Living Projects	2 000	-
99FM	2 000	-
Malmesbury Toyota	3 435	-
Man Truck and Bus SA	14 120	-
Atlas Copco Compressor	51 314	-
Perdeberg Motors	1 375	-
Komatsu	2 856	-
Tour and Safari	715	-

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43. ADDITIONAL DISCLOSURES IN TERMS OF SUPPLY CHAIN MANAGEMENT REGULATION (continued)		
Bytes System Intergration	29 184	-
Hitachi	8 666	-
Komatsu	3 380	-
IMPSA Conference	18 000	-
Protea Hotel	14 925	-
Capman	8 550	-
Imperial Group	5 454	-
The Badge Company	5 696	-
J J J Elektries	3 487	-
J Dreyer BK	825	-
Hitachi	3 113	-
Blue Fame	2 352	-
Boland Diesel	6 966	-
J J J Elektries	3 000	-
GIST	2 315	-
PG Glass	518	-
Citrusdal Bande	744	-
Supa Quick	3 226	-
Engine & gearbox Master	12 982	-
FFA Group of Companies	232 460	-
SLP	6 430	-
Spannies	759	-
	5 665 412	2 088 238

2. In terms of the Supply Chain Regulations No. 27636 - 30 May 2005 section 45 a municipality is allowed to make awards to close family members of persons in the service of the state, or who have been in the service of the state in the previous twelve months. As per the reporting period the municipality made the following awards:

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

Cummins South Africa (Pty) Ltd - Mr Xavier Borel - MPU Parks and Tourism	3 692	-
Baievlei Diesel - Mr Lourens Smith - South African Police Services	288 189	-
Anka Spyseniering - Mr Andre Frans - West Coast District Municipality	41 299	-
Blackbird Trading CC - Mrs Marlene Smit - Swartland Municipality	379 503	-
MACW Catering Services - Mr Willem de Vries - West Coast District Municipality	11 730	-
KM Pest & Hygiene Control - Mr Kobus Marias - Swartland Municipality	1 980	-
Liplekker Take Aways - Mr Elvin Pedro - Emergency Services	28 462	-
Golden Rewards 1873 CC - Mr Raynard De Jager - WC: Department of Education	27 550	-
Elaine's Take Aways & Catering - Mr Edward Marais - West Coast District Municipality	38 410	-
	820 815	-

WEST COAST DISTRICT MUNICIPALITY

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44. RETICULATION LOSSES

1 Water

Kilolitres purchased - after purification	24 433 665	22 804 583
Kilolitres sold	(21 581 012)	(21 037 444)
Reticulation loss	2 852 653	1 767 139

Percentage 11.68% 7.75%

The norm for water losses is 10%. The losses occurred due to burst pipes and leaks from the reservoirs to consumers.

2 Electricity

No reticulation losses were incurred.

The services provided by the municipality relating to electricity are limited to the installation of electricity points in the area.

45. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net (deficit) surplus per the statement of financial performance	(851 141)	18 690 003
Adjusted for:		
Property rates	14 861	(31 368)
Services charges	1 654 566	3 721 502
Investment revenue	3 950 874	4 114 169
Transfers recognised - operational	2 700 255	16 919 714
Other own revenue	(15 983 517)	(3 608 136)
Employee cost	(1 016 297)	(7 117 360)
Remuneration of councillors	(988 938)	(2 261 587)
Depreciation & asset impairment	(4 621 055)	(7 121 173)
Finance charges	142 653	(2 645 269)
Materials and bulk purchases	(67 555)	(1 522 475)
Transfers and grants	-	-
Other expenditure	18 568 414	(19 138 020)
Net surplus per approved budget	3 503 120	-

46. OTHER PAYABLES

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Equitable share	-	1 658 995
Kliprand Electricity	101 353	797 641
Vuna Award	-	953 845
Wupperthal - RDP Water	-	88 092
MSIG	-	25 220
Finance Management Grant	329 360	522 313
Development Unit	-	69 560
Capacity Building: Global Fund	-	705 715
Western Gateway	-	5 853
WCDM Tourism Road Signage	-	4 043
LEGSETA	-	161 373
Drought Relief Programme	15 705	992 578
Thusong Centre	98 277	-
Gateway Vanrhynsdorp	-	221 134
Drought Relief Kliprand	-	128 435
Training of Housing Officials	8 565	184 246
Social Development Projects	-	49 175
Alternative Water Reserve Study	-	213 584
Provincial Management Support Grant	1 000 000	-
Asset Management Bulk Water	122 209	158 121

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Figures in Rand	2011	2010
46. OTHER PAYABLES (continued)		
Bucket Eradication Chatsworth	-	63 683
Rural Area Water	-	308 186
Ignite Assist	468 566	677 099
Cederberg Biosphere	27 931	36 982
Knersvlakte Biosphere	148 058	148 058
Sportgrounds DMA	-	739 454
	2 320 024	8 913 385

See note 8 for reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilised.

47. DISCONTINUED OPERATIONS OR DISESTABLISHMENT OF THE DISTRICT MANAGEMENT AREAS (DMA)

The Provincial Minister of Local Government, Environmental Affairs and Development Planning Mr A W Bredell issued the West Coast District Municipality (DC1) establishment sixth amendment in Provincial Notice 6851 (25 February 2011). This notice gives transitional measures to facilitate the disestablishment of the District Management Area and the incorporation of the areas concerned in superseding municipalities. Provincial Treasury recommended in Treasury Circular Mun No 24/2011 (3.3 and 4) that the transfer date of the District Management Area be set at 1 July 2011. This includes assets, liabilities, expenditure and income. The relevant municipalities will only have to include a note of disclosure within the 2010/11 annual financial statements.

The financial implications related to assets, liabilities, expenditure and income are as follows:

Surplus / Deficit

Revenue	5 523 414	-
Expenses	(5 988 558)	-
net surplus / (deficit)	(465 144)	-

Assets and liabilities

Non-current assets

Property, plant and equipment	29 462 103	-
	29 462 103	-
	-	-

Non - current liabilities

Reclamation of refuse landfill site	158 042	-
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WEST COAST DISTRICT MUNICIPALITY

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Appendix A: Schedule of external loans

**West Coast District Municipality
Appendix A**

Schedule of external loans as at 30 June 2011

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
External Loans							
Department of Water Affairs	890	30/06/2011	1 138 809	-	1 138 809	-	-
Sanlam Credit Conduit (Pty) Ltd	1	30/06/2018	27 120 214	-	2 131 942	24 988 272	-
DBSA	1	31/12/2020	40 500 000	-	2 322 814	38 177 186	-
ABSA	2	31/01/2021	-	35 000 000	-	35 000 000	-
			68 759 023	35 000 000	5 593 565	98 165 458	-
Total external loans							
External Loans			68 759 023	35 000 000	5 593 565	98 165 458	-
			68 759 023	35 000 000	5 593 565	98 165 458	-

WEST COAST DISTRICT MUNICIPALITY

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Supplementary Information

Appendix B: Analysis of property, plant and equipment

West Coast District Municipality
West Coast District Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2011
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	13 009 883	-	(9 662)	-	-	-	13 000 221	-	-	-	-	-	-	13 000 221
Undeveloped land	52 710	4 335 300	-	-	-	-	4 388 010	-	-	-	-	-	-	4 388 010
	13 062 593	4 335 300	(9 662)	-	-	-	17 388 231	-	-	-	-	-	-	17 388 231
Infrastructure														
Roads, Pavements & Bridges	4 144 695	3 335 545	-	-	-	-	7 480 240	(8 363)	-	-	(42 416)	-	(50 779)	7 429 461
Electricity supply / Reticulation	21 521	-	-	-	-	-	21 521	(5 383)	-	-	(1 075)	-	(6 458)	15 063
Transformers	275 667	-	-	-	-	-	275 667	(49 822)	-	-	(9 073)	-	(58 895)	216 772
Lines overhead	5 180 903	-	-	-	-	-	5 180 903	(1 618 572)	-	-	(309 514)	-	(1 928 086)	3 252 817
Cables	181 753	-	-	-	-	-	181 753	(5 575)	-	-	(4 036)	-	(9 611)	172 142
Mini sub stations	243 615	-	-	-	-	-	243 615	(66 402)	-	-	(9 703)	-	(76 105)	167 510
Water Purification	22 170 100	45 000	-	-	-	-	22 215 100	(6 613 441)	-	-	(1 160 843)	-	(7 774 284)	14 440 816
Water Reticulation	103 891 388	4 593 662	-	-	-	-	108 485 050	(12 820 801)	-	-	(2 829 291)	-	(15 650 092)	92 834 958
Dams	4 061 733	1 590 961	-	-	-	-	5 652 694	(962 061)	-	-	(83 135)	-	(1 045 196)	4 607 498
Pump Stations	6 290 846	1 155 920	-	-	-	-	7 446 766	(954 299)	-	-	(251 132)	-	(1 205 431)	6 241 335
Reservoirs	65 856 215	36 827 737	-	-	-	-	102 683 952	(13 704 595)	-	-	(1 780 128)	-	(15 484 723)	87 199 229
Sewer / Reticulation	3 794 296	2 430 033	-	-	-	-	6 224 329	-	-	-	-	-	-	6 224 329
Waste Purification	7 099 452	1 956 263	-	-	-	-	9 055 715	(1 689 548)	-	-	(166 954)	-	(1 856 502)	7 199 213
Landfill Sites	1 421 698	-	-	-	-	-	1 421 698	-	-	-	-	-	-	1 421 698
	224 633 882	51 935 121	-	-	-	-	276 569 003	(38 498 862)	334 013	-	(6 647 300)	-	(44 812 149)	231 756 854
Buildings														
Residences (Personnel)	5 427 659	-	-	-	-	-	5 427 659	(1 184 028)	-	-	(315 947)	-	(1 499 975)	3 927 684
Sportsfields and Stadiums	11 998	-	-	-	-	-	11 998	(3 179)	-	-	(979)	-	(4 158)	7 840
Clinics and community health	2 633 125	-	-	-	-	-	2 633 125	(492 278)	-	-	(111 615)	-	(603 893)	2 029 232
Community halls	8 516 237	1 666 591	-	-	-	-	10 182 828	(582 172)	-	-	(332 034)	-	(914 206)	9 268 622
Fire stations	37 328 032	-	-	-	-	-	37 328 032	(4 363 383)	-	-	(1 462 513)	-	(5 825 896)	31 502 136
Recreational facilities	1 351 102	-	-	-	-	-	1 351 102	(53 604)	-	-	(45 030)	-	(98 634)	1 252 468
Hospitals and ambulance stations	657 487	-	-	-	-	-	657 487	(18 962)	-	-	(17 521)	-	(36 483)	621 004
Laboratories	11 222	-	-	-	-	-	11 222	(2 401)	-	-	(630)	-	(3 031)	8 191
Office buildings	8 265 000	-	-	-	-	-	8 265 000	(1 468 877)	-	-	(429 898)	-	(1 898 775)	6 366 225
Public parking	588 690	-	-	-	-	-	588 690	(126 083)	-	-	(33 099)	-	(159 182)	429 508
Warehouses	1 067 041	-	-	-	-	-	1 067 041	(244 926)	-	-	(50 570)	-	(295 496)	771 545
None residential perimeter protection	821 721	-	-	-	-	-	821 721	(212 479)	-	-	(92 300)	-	(304 779)	516 942
Ablution / public facilities	421 045	-	-	-	-	-	421 045	(37 865)	-	-	(16 096)	-	(53 961)	367 084
Other	2 420 480	-	-	-	-	-	2 420 480	(253 251)	-	-	(91 817)	-	(345 068)	2 075 412
	69 520 839	1 666 591	-	-	-	-	71 187 430	(9 043 488)	-	-	(3 000 049)	-	(12 043 537)	59 143 893

Analysis of property, plant and equipment as at 30 June 2011
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
General vehicles	29 324 324	2 958 642	-	-	-	-	32 282 966	(10 579 424)	-	-	(5 014 611)	-	(15 594 035)	16 688 931
Audiovisual equipment	315 896	69 488	-	-	-	-	385 384	(151 235)	-	-	(51 928)	-	(203 163)	182 221
Computer Equipment	3 328 025	230 654	-	-	-	-	3 558 679	(1 543 168)	-	-	(670 190)	-	(2 213 358)	1 345 321
Domestic equipment	46 759	1 535	-	-	-	-	48 294	(10 731)	-	-	(11 042)	-	(21 773)	26 521
Electrical wire and power distribution	3 144 421	5 760	-	-	-	-	3 150 181	(1 953 394)	-	-	(628 158)	-	(2 581 552)	568 629
Office Equipment	746 771	21 590	-	-	-	-	768 361	(335 006)	-	-	(94 625)	-	(429 631)	338 730
Emergency / rescue equipment	184 363	12 768	-	-	-	-	197 131	(2 090)	-	-	(20 433)	-	(22 523)	174 608
Elevator systems	6 398	-	-	-	-	-	6 398	(4 799)	-	-	(799)	-	(5 598)	800
Fire fighting equipment	1 484 924	482 975	-	-	-	-	1 967 899	(59 515)	-	-	(313 430)	-	(372 945)	1 594 954
Gardening equipment	69 697	8 577	-	-	-	-	78 274	(29 185)	-	-	(18 488)	-	(47 673)	30 601
Security equipment and systems	93 294	9 428	-	-	-	-	102 722	(4 156)	-	-	(18 832)	-	(22 988)	79 734
Kitchen appliances	453 783	29 856	-	-	-	-	483 639	(142 584)	-	-	(87 258)	-	(229 842)	253 797
Laboratory equipment	164 554	95 752	-	-	-	-	260 306	(53 574)	-	-	(41 745)	-	(95 319)	164 987
Medical and allied equipment	153 795	-	-	-	-	-	153 795	(96 773)	-	-	(16 704)	-	(113 477)	40 318
Pumps / plumbing	175 101	-	-	-	-	-	175 101	(58 776)	-	-	(41 210)	-	(99 986)	75 115
Radio equipment	1 157 342	218 218	-	-	-	-	1 375 560	(190 117)	-	-	(226 440)	-	(416 557)	959 003
Road construction and maintenance	24 877	-	-	-	-	-	24 877	(5 009)	-	-	(4 378)	-	(9 387)	15 490
Office furniture	5 789 455	178 421	-	-	-	-	5 967 876	(2 668 809)	-	-	(859 257)	-	(3 528 066)	2 439 810
Workshop equipment and loose tools	772 716	45 872	-	-	-	-	818 588	(535 497)	-	-	(118 926)	-	(654 423)	164 165
Air conditioners	467 455	58 033	-	-	-	-	525 488	(100 129)	-	-	(127 099)	-	(227 228)	298 260
Other	248 678	587 003	-	-	-	-	835 681	(202 548)	-	-	(17 515)	-	(220 063)	615 618
	48 152 628	5 014 572	-	-	-	-	53 167 200	(18 726 519)	-	-	(8 383 068)	-	(27 109 587)	26 057 613
Intangible assets														
Computer software	1 138 012	13 288	658	-	-	-	1 151 958	(265 259)	658	-	(228 504)	-	(493 105)	658 853
	1 138 012	13 288	658	-	-	-	1 151 958	(265 259)	658	-	(228 504)	-	(493 105)	658 853
Investment properties														
Investment property (Ganzekraal)	5 474 271	-	5 033	-	-	-	5 479 304	(349 267)	5 033	-	(91 595)	-	(435 829)	5 043 475
	5 474 271	-	5 033	-	-	-	5 479 304	(349 267)	5 033	-	(91 595)	-	(435 829)	5 043 475
Total														
Land and buildings	13 062 593	4 335 300	(9 662)	-	-	-	17 388 231	-	-	-	-	-	-	17 388 231
Infrastructure	224 633 882	51 935 121	-	-	-	-	276 569 003	(38 498 862)	334 013	-	(6 647 300)	-	(44 812 149)	231 756 854
Buildings	69 520 839	1 666 591	-	-	-	-	71 187 430	(9 043 488)	-	-	(3 000 049)	-	(12 043 537)	59 143 893
Other assets	48 152 628	5 014 572	-	-	-	-	53 167 200	(18 726 519)	-	-	(8 383 068)	-	(27 109 587)	26 057 613
Intangible assets	1 138 012	13 288	658	-	-	-	1 151 958	(265 259)	658	-	(228 504)	-	(493 105)	658 853
Investment properties	5 474 271	-	5 033	-	-	-	5 479 304	(349 267)	5 033	-	(91 595)	-	(435 829)	5 043 475
	361 982 225	62 964 872	(3 971)	-	-	-	424 943 126	(66 883 395)	339 704	-	(18 350 516)	-	(84 894 207)	340 048 919

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Supplementary Information

Appendix C: Segmental analysis of property, plant and equipment

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Supplementary Information

Appendix D: Segmental Statement of Financial Performance

West Coast District Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended
Prior Year **Current Year**

Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
Rand	Rand	Rand		Rand	Rand	Rand
Municipality						
2 318 616	12 902 156	(10 583 540)	Executive & Council/Mayor and Council	219 932	14 689 410	(14 469 478)
97 175 030	48 107 639	49 067 391	Finance & Admin/Finance	89 961 908	49 184 719	40 777 189
159 453	4 089 947	(3 930 494)	Planning and Development/Economic Development/Plan	653 456	4 780 151	(4 126 695)
3 122 942	11 606 572	(8 483 630)	Health/Clinics	4 434 767	13 877 360	(9 442 593)
93 827	545 966	(452 139)	Comm. & Social/Libraries and archives	106 084	572 760	(466 676)
926 313	411 401	514 912	Housing	1 464 786	481 811	982 975
3 528 000	18 814 497	(15 286 497)	Public Safety/Police	3 398 648	27 947 134	(24 548 486)
2 076 377	4 465 907	(2 389 530)	Sport and Recreation	2 465 169	3 752 944	(1 287 775)
1 298 463	542 357	756 106	Waste Water Management/Sewerage	1 488 130	723 054	765 076
39 298 682	39 675 894	(377 212)	Road Transport/Roads	64 699 204	65 169 703	(470 499)
64 383 457	53 772 814	10 610 643	Water/Water Distribution	78 139 459	65 167 312	12 972 147
1 520 299	1 450 020	70 279	Electricity /Electricity Distribution	2 015 748	2 014 497	1 251
-	825 286	(825 286)	Other/Air Transport	800	1 538 377	(1 537 577)
215 901 459	197 210 456	18 691 003		249 048 091	249 899 232	(851 141)
Municipal Owned Entities						
Other charges						
215 901 459	197 210 456	18 691 003	Municipality	249 048 091	249 899 232	(851 141)
215 901 459	197 210 456	18 691 003	Total	249 048 091	249 899 232	(851 141)

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Supplementary Information

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

**West Coast District Municipality
Appendix E(1)**

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011

	Current year 2010 Act. Bal.	Current year 2010 Bud. Amt	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
Revenue					
Property rates	867 789	882 650	(14 861)	(1,7)	
Service charges	79 150 994	75 539 910	3 611 084	4,8	
Interest earned - external investments	9 549 126	13 500 000	(3 950 874)	(29,3)	External market conditions
Income for agency commission	5 617 604	9 062 660	(3 445 056)	(38,0)	Implementation of GRAP
Government grants & subsidies	81 516 905	84 217 160	(2 700 255)	(3,2)	
Other revenue	7 521 734	10 586 340	(3 064 606)	(28,9)	Less income than expected
Government grants	64 699 203	47 596 360	17 102 843	35,9	
	248 923 355	241 385 080	7 538 275	3,1	
Expenses					
Personnel	(64 671 963)	(65 688 260)	1 016 297	(1,5)	
Remuneration of councillors	(4 699 812)	(5 688 750)	988 938	(17,4)	Vacant position
Depreciation	(18 350 515)	(22 971 570)	4 621 055	(20,1)	Implementation of GRAP
Finance costs	(8 173 633)	(8 030 980)	(142 653)	1,8	
Repairs and maintenance - General	(65 431 059)	(55 760 050)	(9 671 009)	17,3	Increase in agency expenditure
Bulk purchases	(7 332 445)	(7 400 000)	67 555	(0,9)	
Cost of housing sold	-	(3 154 480)	3 154 480	(100,0)	
General Expenses	(81 239 805)	(69 187 920)	(12 051 885)	17,4	Due to water and an increase in contributions made to medical aid provision. Refer to note 5
	(249 899 232)	(237 882 010)	(12 017 222)	5,1	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	124 736	50	124 686	249 372,0	Land sold
Net surplus/ (deficit) for the year	(851 141)	3 503 120	(4 354 261)	(124,3)	

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Supplementary Information

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

**West Coast District Municipality
Appendix E(2)**

**Budget Analysis of Capital Expenditure as at 30 June
2011**

	Yearly		Yearly	
	Additions	Revised Budget	Variance	Variance
	Rand	Rand	Rand	%
				Explanation of significant variances from budget
Municipality				
Executive & Council/Mayor and Council	29 451	45 000	15 549	35 Saving on project
Finance & Admin/Finance	6 418 882	1 606 225	(4 812 657)	(300) GRAP implementation
Health/Clinics	39 034	76 160	37 126	49 Saving on project
Public Safety/Police	4 286 120	4 661 970	375 850	8 Saving on project
Road Transport/Roads	3 335 545	4 000 000	664 455	17 Saving on project
Water/Water Distribution	48 855 841	51 545 775	2 689 934	5
	62 964 873	61 935 130	(1 029 743)	(2)

Total

WEST COAST DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Supplementary Information

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

West Coast District Municipality
West Coast District Municipality
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Quarterly Receipts				Quarterly Expenditure					
	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar
Cederberg Biosfeer	-	-	-	-	-	-	-	-	-	9 051
Prov management grant	-	-	-	-	1 000 000	-	-	-	-	-
Global Fund WCD Community	1 038 249	-	-	-	-	1 069 699	406 988	-	-	-
Training of Housing Officials	-	-	-	-	-	-	6 132	-	6 300	-
MSIG	-	-	750 000	-	-	71 640	792 463	47 111	372 329	201 639
Ebenheaser New Farmers project	-	-	-	-	-	-	68 517	-	-	-
Gateway Vanrhynsdorp	407 236	-	-	-	-	398 258	213 282	168 685	52 449	-
Paternaster Archeo - Tourism trail	-	-	-	-	-	-	-	-	-	-
Moorreesburg Regional Craft Centre	-	-	-	-	-	5 689	-	-	-	-
Main Street Program - Goedverwacht	-	-	-	-	-	-	-	-	-	-
C MIP Control Account	500 000	-	3 500 000	-	288 000	500 000	2 417 000	1 463 973	2 129 221	194 806
Financial Management Grant	-	-	1 000 000	-	-	248 645	310 952	210 860	200 838	269 255
Vuna Rewards	-	-	-	-	-	-	327 997	846 220	107 625	-
Rurual Area - Water	-	-	-	-	-	117 937	236 790	137 017	171 169	-
Wupperthal - HOP Water	-	-	-	-	-	139 667	121 506	69 195	18 897	-
Development Unit	-	-	-	-	-	-	111 131	-	47 250	-
WCDM ECO.DEV (Cederberg Gateway)	-	-	-	-	-	407 236	-	-	-	-
DMA - Halls	-	-	-	-	-	564 285	606 230	-	-	-
Wester Gateway	-	-	-	-	-	-	-	5 853	-	-
WCDM - Tourism Road Signage	-	-	-	-	-	55 229	4 970	4 043	-	-
Committee Summit	258 014	-	-	-	-	-	-	-	-	-
LEGSETA	-	-	-	-	-	-	305 903	161 373	-	-
Ignite Assist	-	-	-	-	-	-	(127 099)	28 663	16 690	88 529
Drought Relief Programme	-	-	-	-	-	154 019	69 783	-	22 712	7 655
Drought Relief Kliprand	-	-	-	-	-	-	105 580	35 650	92 786	-
Alternative Water Reserve Study	-	-	-	-	-	-	20 844	-	-	153 275
Social Deveopment Projects	-	-	-	-	-	236 916	565	-	49 175	-
Bucket Eradication Chatsworth	-	-	-	-	-	-	276	-	-	63 683
Sportgrounds DMA	-	-	-	-	-	152 011	(403 197)	376 410	363 044	-
Bulk Water Master Plan	-	-	500 000	-	-	946 936	553 064	209 784	248 325	-
Asset Management Bulk Water	100 000	-	-	-	-	-	-	4 780	29 786	1 346
Kliprand Electricity	-	-	-	-	600	-	1 125 725	-	-	-
Pakhuispas Farmers	-	-	-	-	-	3 262 426	171 682	-	-	-
Gis DBSA	-	-	-	-	-	132 403	35 311	-	-	-
Capacity Building Globang Fund	-	-	-	-	-	-	16 887	185 513	44 521	34 596
	2 303 499	-	5 750 000	-	1 288 600	8 462 996	7 499 282	3 955 130	3 973 117	1 023 835