



CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

ANNUAL FINANCIAL STATEMENTS 2012/2013

VISION - A Unified Cape Winelands of Excellence!

MISSION -All structures of the Cape Winelands co-operate together towards effective, efficient and economically sustainable development.

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CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

General Information

Nature of business and principal activities

The Municipality is a local authority that -

- a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands;
- b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery;
- c) Provides effective planning and co-ordination of fire fighting services, prevention activities and training services throughout the Cape Winelands;
- d) Facilitates environmentally sustainable economic development & investment attraction as well as retention through the development and management of strategic partnerships;
- e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment;
- f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure;
- g) Provides support and shared services to local municipalities to facilitate economic development planning within the Cape Winelands;
- h) Increases access to safe and efficient transport;
- i) Develops integrated and sustainable human settlements;
- j) Integrates service delivery for maximum impact;
- k) Creates opportunities for growth and development in rural areas; and
- l) Empowers vulnerable groups, build human capital, invest in social capital and rural development programmes.

Mayoral committee

Ald. C.A. DE BRUYN (Executive Mayor)
Cllr. C. MEYER (Speaker)
Cllr. H.M. JANSEN (Deputy Executive Mayor)
Ald. (Dr.) N.E. KAHLBERG
Cllr. R. B. ARNOLDS
Cllr. G.J. CARINUS
Cllr. J.J. DU PLESSIS
Cllr. X.L. MDEMKA
Cllr. J.R.F. TORR
Cllr. H. VON SCHLICHT

Other Councillors

Cllr. J.J. ABRAHAMS
Cllr. M.B. APPOLIS
Cllr. M.N. BUSHWANA
Cllr. D.C. BOTHA
Cllr. C.C. BRINK
Cllr. W.L. CHAABAN
Cllr. A. CROMBIE
Cllr. J.B. CRONJE
Cllr. C. DAMENS
Cllr. S.W. DAVIDS
Cllr. Z.L. GWADA
Cllr. N.D. HANI
Cllr. D.A. HENDRICKSE
Cllr. P. HERADIEN
Cllr. D.B. JANSE
Cllr. J.J. JANUARIE (Until 26 October 2012)

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

General Information

	Cllr. X. KALIPA Cllr. B.J. KRIEGLER Cllr. P. MARRAN Cllr. J. MATTHEE Cllr. C. MCAKO Cllr. S.J. MEI Cllr. J.S. MOUTON Cllr. L.W. NIEHAUS Cllr. S.W. NYAMANA Cllr. S. ROSS Cllr. L.N. SIKWAMISA Cllr. G. STALMEESTER Cllr. M.S. TAYITAYI Cllr. J.D.F. VAN ZYL Cllr. E.J. VOLLENHOVEN (Until 31 May 2013) Cllr. M.H. YABO
Grading of local authority	GRADE 4
Accounting Officer	M. MGAJO
Chief Financial Officer	F.A. DU RAAN-GROENEWALD
Registered office	46 ALEXANDER STREET STELLENBOSCH 7600
Postal address	P.O. BOX 100 STELLENBOSCH 7599
Telephone	0861 265 263
Bankers	AMALGAMATED BANKS OF SOUTH AFRICA (ABSA)
Auditors	AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

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CAPE WINELANDS DISTRICT MUNICIPALITY

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Abbreviations

CRR	Capital Replacement Reserve
GRAP	Standards of Generally Recognised Accounting Practice
IAS	International Accounting Standards
PRMA	Post- retirement Medical Aid
PPE	Property, Plant and Equipment
MFMA	Municipal Finance Management Act, 2003 (Act no. 56 of 2003)

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year until 30 June 2014 and, in the light of this review and the current financial position, is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the accounting officer is supported by the municipality's internal auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors.

The financial statements set out on pages 5 to 53, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2013.

Accounting Officer
M Mgajo

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Inventories	4	2,243,194	2,933,054
Other receivables from exchange transactions	5	6,607,230	5,618,966
Receivables from non-exchange transactions	6	-	309,127
VAT receivable		156,033	838,768
Trade receivables from exchange transactions	7	537,818	512,021
Cash and cash equivalents	8	428,987,329	395,689,808
		438,531,604	405,901,744
Non-Current Assets			
Property, plant and equipment	2	210,768,686	208,630,559
Intangible assets	3	943,707	863,559
		211,712,393	209,494,118
Liabilities			
Current Liabilities			
Finance leases	11	84,603	116,451
Trade and other payables from exchange transactions	14	12,663,848	24,045,624
Trade and other payables from non-exchange transactions	15	10,386,113	6,702,061
Conditional grants	12	5,276,773	3,200,067
Employee benefits	13	16,143,192	24,217,789
		44,554,529	58,281,992
Non-Current Liabilities			
Finance leases	11	84,228	107,031
Employee benefits	13	140,179,602	114,864,772
		140,263,830	114,971,803
Revaluation reserve	9	102,233,152	104,962,805
Accumulated surplus	10	363,192,486	337,179,262
Total Net Assets		465,425,638	442,142,067

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Revenue from exchange transactions			
Service charges	16	287,652	448,365
Rental of facilities and equipment		57,560	55,914
Income from agency services		73,799,198	84,777,337
Other income	19	1,522,512	1,569,241
Finance income	23	24,451,381	24,401,142
Total revenue from exchange transactions		100,118,303	111,251,999
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	17	205,442,616	207,494,680
Public contributions and donations	18	1,527,077	51,909
Total revenue from non-exchange transactions		206,969,693	207,546,589
Total revenue		307,087,996	318,798,588
Expenditure			
Employee related cost	21	154,900,619	141,481,996
Remuneration of councillors	22	9,810,611	9,335,836
Depreciation and amortisation	24	7,242,864	5,731,625
Finance costs	25	22,860	15,310
Debt impairment	6 & 7	109,932	60,005
Repairs and maintenance		16,889,818	26,018,521
General expenses	20	95,591,072	125,823,794
Loss on foreign currency	20 & 32	24,853	-
Total expenditure		284,592,629	308,467,087
Operating surplus		22,495,367	10,331,501
Loss on disposal of assets		1,079,779	(1,580,973)
Surplus for the year		23,575,146	8,750,528

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2011	115,833,341	288,600,675	404,434,016
Changes in net assets			
Prior period error	(47,993,393)	28,794,428	(19,198,965)
Grants to purchase capital (AS)	-	(1,064,450)	(1,064,450)
Offset of depreciation (AS)	-	3,925,716	3,925,716
Additions funded GGR	-	2,323,178	2,323,178
Depreciation GGR	-	(234,330)	(234,330)
Disposals GGR	-	(140,384)	(140,384)
Transfer to CRR	-	10,000,000	10,000,000
Transfer from CRR	-	(5,952,215)	(5,952,215)
Depreciation (Rev)	(443,887)	-	(443,887)
Revaluation adjustment	37,566,744	-	37,566,744
Other (AS)	-	6,301,479	6,301,479
Transfer to CRR (AS)	-	(4,125,363)	(4,125,363)
Net income (losses) recognised directly in net assets	(10,870,536)	39,828,059	28,957,523
Surplus for the year	-	8,750,528	8,750,528
Total changes	(10,870,536)	48,578,587	37,708,051
Balance at 01 July 2012	104,962,805	337,179,263	442,142,068
Changes in net assets			
Surplus for the year	-	23,575,146	23,575,146
Additions funded by GGR	-	1,497,735	1,497,735
Depreciation (GGR)	-	(415,883)	(415,883)
Disposals (GGR)	-	(74,873)	(74,873)
Transfer to (CRR)	-	3,000,000	3,000,000
Transfer from CRR	-	(8,688,386)	(8,688,386)
Depreciation (Rev)	(2,729,653)	-	(2,729,653)
Transfers to CRR (AS)	-	5,688,386	5,688,386
Transfer to offset depreciation (AS)	-	3,502,907	3,502,907
Capital grants to purchase PPE (AS)	-	(831,938)	(831,938)
Donated PPE (AS)	-	(82,280)	(82,280)
Prior year adjustment (AS)	-	(1,157,591)	(1,157,591)
Total changes	(2,729,653)	26,013,223	23,283,570
Balance at 30 June 2013	102,233,152	363,192,486	465,425,638

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CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Sale of goods and services		77,060,806	93,134,952
Grants		206,969,693	207,546,589
Finance income		24,717,627	24,970,709
		<u>308,748,126</u>	<u>325,652,250</u>
Payments			
Employee costs		(137,660,386)	(124,444,932)
Suppliers		(119,415,418)	(162,587,180)
Finance costs		(22,860)	(15,310)
Other payments: Remuneration to councillors		(9,810,611)	(9,335,836)
		<u>(266,909,275)</u>	<u>(296,383,258)</u>
Total receipts		308,748,126	325,652,250
Total payments		(266,909,275)	(296,383,258)
Net cash flows from operating activities	27	41,838,851	29,268,992
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(8,262,444)	(6,172,055)
Proceeds from sale of property, plant and equipment	2	42,653	-
Purchase of intangible assets	3	(184,720)	(864,032)
		<u>(8,404,511)</u>	<u>(7,036,087)</u>
Cash flows from financing activities			
Finance lease receipts		(136,819)	(162,263)
		<u>(136,819)</u>	<u>(162,263)</u>
Net increase/(decrease) in cash and cash equivalents		33,297,521	22,070,642
Cash and cash equivalents at the beginning of the year		395,689,808	373,619,166
Cash and cash equivalents at the end of the year	8	428,987,329	395,689,808

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	160,000	-	160,000	287,652	127,652	Appendix E1
Rental of facilities and equipment	166,500	(116,100)	50,400	57,560	7,160	
Income from agency services	77,527,500	5,292,577	82,820,077	73,799,198	(9,020,879)	Appendix E1
Other income - (rollup)	1,419,500	(72,592)	1,346,908	1,522,512	175,604	Appendix E1
Interest received - investment	25,000,000	(660,000)	24,340,000	24,451,381	111,381	
Total revenue from exchange transactions	104,273,500	4,443,885	108,717,385	100,118,303	(8,599,082)	
Revenue from non-exchange transactions						
Government grants & subsidies	222,449,000	6,859,208	229,308,208	205,442,616	(23,865,592)	
Public contributions and donations	350,000	1,350,000	1,700,000	1,527,077	(172,923)	Appendix E1
Total revenue from non-exchange transactions	222,799,000	8,209,208	231,008,208	206,969,693	(24,038,515)	
'Total revenue from exchange transactions'	104,273,500	4,443,885	108,717,385	100,118,303	(8,599,082)	
'Total revenue from non-exchange transactions'	222,799,000	8,209,208	231,008,208	206,969,693	(24,038,515)	
Total revenue	327,072,500	12,653,093	339,725,593	307,087,996	(32,637,597)	
Expenditure						
Personnel	(151,279,470)	4,028,516	(147,250,954)	(154,900,619)	(7,649,665)	
Remuneration of councillors	(10,077,700)	90,774	(9,986,926)	(9,810,611)	176,315	
Depreciation and amortisation	(14,103,900)	26,000	(14,077,900)	(7,242,864)	6,835,036	Appendix E1
Finance costs	(27,700)	2,600	(25,100)	(22,860)	2,240	Appendix E1
Debt impairment	(118,500)	118,500	-	(109,932)	(109,932)	Appendix E1
Collection costs	(1,225,800)	-	(1,225,800)	-	1,225,800	Appendix E1
Repairs and maintenance	(14,307,800)	(3,079,812)	(17,387,612)	(16,889,818)	497,794	Appendix E1
Internal chargers	(42,500)	42,500	-	-	-	
Transport Internal	(922,000)	526,400	(395,600)	-	395,600	Appendix E1
General Expenses	(141,394,830)	(1,129,087)	(142,523,917)	(95,615,925)	46,907,992	Appendix E1
Total expenditure	(333,500,200)	626,391	(332,873,809)	(284,592,629)	48,281,180	
	327,072,500	(643,684)	326,428,816	307,087,996	(19,340,820)	
	(333,500,200)	626,391	(332,873,809)	(284,592,629)	48,281,180	
Operating surplus	(6,427,700)	(17,293)	(6,444,993)	22,495,367	28,940,360	
Gain on disposal of assets and liabilities	(2,200)	-	(2,200)	1,079,779	1,081,979	Appendix E1
	(6,427,700)	(17,293)	(6,444,993)	22,495,367	28,940,360	
	(2,200)	-	(2,200)	1,079,779	1,081,979	
Surplus/ (Deficit)	(6,429,900)	(17,293)	(6,447,193)	23,575,146	30,022,339	

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	2,881,367	(1,381,367)	1,500,000	2,243,194	743,194	Appendix K
Other receivables	16,856,658	(12,129,449)	4,727,209	6,607,230	1,880,021	Appendix K
VAT receivable	-	-	-	156,033	156,033	Appendix K
Consumer debtors	77,988	56,391	134,379	537,818	403,439	Appendix K
Cash and cash equivalents	395,689,808	47,610,192	443,300,000	428,987,329	(14,312,671)	
	415,505,821	34,155,767	449,661,588	438,531,604	(11,129,984)	
Non-Current Assets						
Property, plant and equipment	221,015,366	(41,185,869)	179,829,497	210,768,686	30,939,189	Appendix K
Intangible assets	864,032	-	864,032	943,707	79,675	
	221,879,398	(41,185,869)	180,693,529	211,712,393	31,018,864	
Current Assets	415,505,821	34,155,767	449,661,588	438,531,604	(11,129,984)	
Non-Current Assets	221,879,398	(41,185,869)	180,693,529	211,712,393	31,018,864	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
Total Assets	637,385,219	(7,030,102)	630,355,117	650,243,997	19,888,880	
Liabilities						
Current Liabilities						
Finance lease obligation	116,451	(116,451)	-	84,603	84,603	Appendix K
Trade and other payables from exchange transaction	53,906,909	(33,906,909)	20,000,000	12,663,848	(7,336,152)	Appendix K
Trade and other payables from non- exchange transactions	-	-	-	10,386,113	10,386,113	Appendix K
Liabilities relating to conditional grants	5,993,990	1,370,993	7,364,983	5,276,773	(2,088,210)	
Employee benefits	14,038,469	961,531	15,000,000	16,143,192	1,143,192	Appendix K
	74,055,819	(31,690,836)	42,364,983	44,554,529	2,189,546	
Non-Current Liabilities						
Finance lease obligation	107,031	67,945	174,976	84,228	(90,748)	Appendix K
Employee benefits	105,756,055	16,147,899	121,903,954	140,179,602	18,275,648	Appendix K
	105,863,086	16,215,844	122,078,930	140,263,830	18,184,900	
	74,055,819	(31,690,836)	42,364,983	44,554,529	2,189,546	
	105,863,086	16,215,844	122,078,930	140,263,830	18,184,900	
	-	-	-	-	-	
Total Liabilities	179,918,905	(15,474,992)	164,443,913	184,818,359	20,374,446	
Assets	637,385,219	(7,030,102)	630,355,117	650,243,997	19,888,880	
Liabilities	(179,918,905)	15,474,992	(164,443,913)	(184,818,359)	(20,374,446)	
Net Assets	457,466,314	8,444,890	465,911,204	465,425,638	(485,566)	

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	69,591,935	43,433,936	113,025,871	102,233,152	(10,792,719)	
Accumulated surplus	387,874,379	(34,989,046)	352,885,333	363,192,486	10,307,153	
Total Net Assets	457,466,314	8,444,890	465,911,204	465,425,638	(485,566)	

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	237,077,900	(5,946,959)	231,130,941	206,969,693	(24,161,248)	Appendix K
Interest income	25,000,000	(660,000)	24,340,000	24,717,627	377,627	
Other receipts	65,976,200	5,496,175	71,472,375	77,060,806	5,588,431	Appendix K
	328,054,100	(1,110,784)	326,943,316	308,748,126	(18,195,190)	
Payments						
Employee costs and other cost	(386,468,986)	68,237,039	(318,231,947)	(266,909,275)	51,322,672	Appendix K
Total receipts	328,054,100	(1,110,784)	326,943,316	308,748,126	(18,195,190)	
Total payments	(386,468,986)	68,237,039	(318,231,947)	(266,909,275)	51,322,672	
Net cash flows from operating activities	(58,414,886)	67,126,255	8,711,369	41,838,851	33,127,482	
Cash flows from investing activities						
Purchase of property, plant and equipment	(12,102,020)	907,893	(11,194,127)	(8,262,444)	2,931,683	Appendix K
Proceeds from sale of property, plant and equipment	-	-	-	42,653	42,653	Appendix K
Purchase of other intangible assets	-	-	-	(184,720)	(184,720)	Appendix K
Net cash flows from investing activities	(12,102,020)	907,893	(11,194,127)	(8,404,511)	2,789,616	
Cash flows from financing activities						
Finance lease payments	-	-	-	(136,819)	(136,819)	Appendix K

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Basis of preparation

a) Statement of compliance

The annual financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act 56 of 2003). Accounting policies for material transactions, events or conditions not covered by the above GRAP standards were developed in accordance with the hierarchy set out in paragraph 12 of GRAP 3. The details of any changes in accounting policies are explained in the relevant policy.

Basis of measurement

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

The accounting policies that were consistently applied for the periods under review are summarised in Section 1.2, significant accounting policies.

a) Functional and presentation currency

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

b) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

c) Comparative information

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

Accounting estimates and judgements

a) Key sources of estimation for uncertainty

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 GRAP 104. The historical loss experience of the municipality, based on observable data through the passage of time, is used to estimate the impairment of trade and other receivables. Any changes in the payment status of customers in a specific group or national or local economic conditions that correlate with defaults on the assets in the group will have an impact on the impairment of trade and other receivables.

Allowance for slow moving, damaged and obsolete inventory

Management has made estimates of the selling price less cost to sell off certain inventory items in order to calculate the allowance to write inventory down to the lower of cost or net realisable value.

Fair value estimation

Buildings are stated at revalued amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated. Refer to note 2.

b) Critical judgements in applying accounting policies

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.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

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

Where impairment indicators exist, the determination of the recoverable service amount of 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 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.

Standards not yet effective

The GRAP standards listed below have been issued but are not yet effective. Application of all of these standards, will be effective from a date to be announced by the Minister of Finance. Apart from GRAP 25, Employee Benefits, the effective dates for these standards have not yet been determined. Management anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality for the reasons detailed below.

a) GRAP 18: Segment Reporting

The standard will not have an impact on the recognition and measurement of items in the financial statements as it is a disclosure standard.

b) GRAP 20: Related Party Disclosures

This standard prescribes the related party information that should be disclosed in the annual financial statements. The adoption of this standard will therefore not have an impact on the results of the municipality.

c) GRAP 25: Employee Benefits (This standard is effective for the annual period starting on / or after 1 April 2013)

The adoption of this standard will have no impact on the annual financial statements of the municipality as actuarial gains and losses are already recognised in the Statement of Financial Performance in accordance with the provisions of IAS 19 on Employee Benefits.

d) GRAP 105: Transfers of functions between entities under common control

The provisions of the standard are not currently applicable to the municipality.

e) GRAP 106: Transfers of functions between entities not under common control

The impact on the annual financial statements cannot be determined at present. It will depend on the legislative mandate, if any, giving effect to the transfer of functions.

f) GRAP 107: Mergers

The provisions of this standard are not currently applicable to the municipality.

1.1 Going Concern

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

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

The primary source of revenue for the Cape Winelands District Municipality is transfer payments from National Government.

The aforementioned allocations are sufficient to ensure the sustainability of the District Municipality. An alternative source of revenue should be explored to reduce the dependency of the District Municipality on National Funds.

According to The Division of Revenue Act sufficient funds will be transferred to the municipality to be a going concern for the foreseeable future.

1.2 Significant accounting policies

Internal Reserves

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.2 Significant accounting policies (continued)

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the Statement of Financial Performance, where after such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, the gains or losses on the sale of assets are reflected in the Statement of Financial Performance.

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued (budget circular) by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

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

Donations and public contributions reserve

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

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

1.3 Revaluation reserve

The revaluation reserve arises from the revaluation of land and buildings in accordance with revaluation model in GRAP 17. The revaluation surplus relating to buildings is realised through use of the building by the District Municipality. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the buildings and depreciation based on the building's original cost.

The revaluation surplus relating to land is realised upon disposal and subsequently transferred to the accumulated surplus. Transfers from revaluation surplus to accumulated surpluses or deficits are not made through surplus or deficit.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.4 Heritage assets

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

Recognition

The District Municipality's Heritage assets are culturally significant resources. However these assets have more than one purpose thus in addition to meeting the definition of a heritage asset, it is also used as office accommodation.

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment (GRAP 17).

Measurement

Heritage assets are measured at cost, less accumulated depreciation and accumulated impairment losses.

The District Municipality has the following registered Heritage Assets:

- Building in 46 Alexander Street, was declared as a Provincial Heritage site on 8 September 1967.
- Building in 194 Main Road Paarl

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period for a period exceeding 12 months.

Initial recognition and measurement

Property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the District Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary cost of dismantling and removing the asset and restoring the site on which it is located.

Where property, plant and equipment is acquired by grant or donation, the cost is considered to be the fair value of the asset at date of acquisition.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

- Plant and equipment – at cost less accumulated depreciation and accumulated impairment losses
- Land and buildings – at the revalued amount, being the fair value at the date of revaluation, less accumulated depreciation and accumulated impairment losses.

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

Any increase in an asset's carrying amount, as a result of a revaluation, is credited to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

The last valuation was performed on 30 June 2012. Revaluations were performed by an independent valuer, S.J. Marais Property Valuers which is not a connected person to the municipality.

Land and buildings are re-valued independently every 3 years.

The valuation was performed using the Capitalisation of Income Method, Comparable Sales Method and the Depreciated Replacement Cost Method.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Depreciation

Depreciation is calculated using the straight-line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives for the current and comparative years:

Item	Estimated useful life
Buildings	50 - 60
Infrastructure	50 - 60
Plant and equipment	5 - 20
Vehicles	10 - 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Impairment of non-cash generating assets

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

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 municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such an indication exists, the municipality estimates the recoverable service amount of the asset. This impairment test is performed at the same time every year.

Derecognition

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

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds if any and the carrying value, and is included in surplus or deficit when such items is derecognised.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.6 Receivables from exchange transactions

Initial and subsequent measurement

Trade and other receivables are initially recognised at fair value, plus transaction costs that are directly attributable to the issue of the trade receivables and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Impairment of financial assets

At the end of each reporting period the group assesses financial assets to determine whether there is objective evidence that the financial assets or group of financial assets are impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are indicators of possible impairment.

Where the financial assets are impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified. 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 computed at initial recognition.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. The assets are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary dedicated authority. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are accounted for as revenue in the Statement of Financial Performance.

1.7 Payables from exchange transactions

Trade payables are initially measured at fair value, plus transaction costs that are directly attributable to the issue of the trade payables and are subsequently measured at amortised cost, using the effective interest method.

1.8 Cash and cash equivalents

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

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

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

1.9 Bank overdrafts and borrowings

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

1.10 Revenue

Revenue

Revenue consists of revenue from exchange and non-exchange transactions as described in more detail below and excludes value-added taxation. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the District Municipality and these benefits can be measured reliably.

a) Revenue from exchange transactions

Income from agency services

Administration fees earned in respect of agency services rendered are recognised as revenue as and when the services are rendered.

Interest earned

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

Interest earned is recognised as and when it accrues using the effective interest method.

Rental of facilities and equipment

Rental income on facilities and equipment is recognised on a straight-line basis over the lease term.

Revenue from the recovery of unauthorised, irregular and 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, 2003 (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials are virtually certain.

Service charges

Revenue from services charges is recognised when the service is rendered and it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Subsequent to initial recognition, the District Municipality shall test service chargers for impairment and record such a loss as an expense.

b) Revenue from non-exchange revenue

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of 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 shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction

Government grants and subsidies

Government grants and subsidies are recognised as revenue when all the conditions associated with the grants and subsidies have been met. Interest earned on unutilised grants is recognised as a conditional grant liability if the grant conditions indicate that the interest is due to the grantor.

Public contributions and donations

Public contributions and donations are recognised as revenue on a cash receipt basis. Where the public contribution or donation is in the form of property, plant and equipment, the fair value of the property, plant and equipment is determined at the date when the risks and rewards of ownership have transferred to the district municipality.

Tariff charges

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

1.11 Intangible assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Subsequent measurement

Subsequent to initial recognition intangible assets are carried at cost less any accumulated amortisation and impairment losses.

Intangible assets with definite useful lives are amortised on a straight-line basis over their useful lives from the date that they are available for use.

Item

Useful life

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.11 Intangible assets (continued)

Computer software 5 years

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefit or service potential is expected from its continued use. The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

1.12 Inventories

Inventories consist of unsold properties and consumables.

Initial measurement

Inventories are initially measured at cost on a weighted average basis. Cost of inventories comprises all costs incurred in bringing the inventories to their 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. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

Subsequent measurement

Unsold properties to be sold at market related values and consumables are subsequently valued at the lower of cost and net realisable value. Unsold properties to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Derecognition of unsold properties.

The District Municipality derecognises unsold properties contained in inventory when construction of such properties has been completed and occupation of houses taken by the beneficiaries. At date of derecognition, the expense is recognised in the Statement of Financial Performance.

1.13 Financial instruments

Initial recognition and measurement

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

The subsequent measurement of financial instruments is dealt with as follows:

Financial Assets

A financial asset is any asset that is a cash or contractual right to receive cash.

The municipality classifies financial assets into the following category:

- Loans and receivables

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

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. There are two main categories of financial liabilities, the classification determining how they are measured. Financial liabilities may be measured at:

- Fair value through surplus or deficit; or
- Other financial liabilities at amortised cost

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.13 Financial instruments (continued)

The municipality measures all financial liabilities including trade and other payables, at amortised cost using the effective interest method. Financial liabilities include other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Finance charges are accounted for on an accrual basis.

Derecognition of financial assets and liabilities

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The municipality derecognises financial liabilities only when, the district municipality's obligations are discharged, cancelled or they expire.

1.14 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it is a lease other than a finance lease.

When a lease includes land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Assets subject to finance lease agreements are initially measured at the lower of fair value or the present value of the minimum lease payment, and the corresponding liability is raised at the same amount. The cost of the asset is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the asset. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest method. Lease finance costs are expensed when incurred.

Operating leases - lessor

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

Operating leases - lessee

Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

1.15 Non-current assets held for sale

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

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

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

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.16 Employee Benefits

Short term employee benefits

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

Long-term employee benefits

The district municipality provides long-term incentives to eligible employees or groups of employees as detailed below.

Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods. The district municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Defined benefit plans

Defined benefit plans are post employment benefit plans other than defined contribution plans. The municipality's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in surplus or deficit on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in surplus or deficit.

The district municipality recognises all actuarial gains and losses arising from defined benefit plans immediately in surplus or deficit and all expenses related to defined benefit plans as employee cost in surplus or deficit.

Multi-employer funds

The Municipality contributes towards various National and Provincial administered multi-employer plans on behalf of its qualifying employees. A multi-employer plan is classified as either a defined benefit plan or a defined contribution plan.

If the plan is a defined benefit plan, an actuarial valuation should be obtained. Normal defined benefit accounting would be applied to the proportionate share of the obligation and assets relating to the municipality. If actuaries are unable to provide the district municipality with an actuarial valuation of the district municipality's proportionate share, the municipality accounts for the plan as if it was a defined contribution plan.

Where a plan is a defined contribution plan, the district municipality accounts for it in the same way as for any other defined contribution plan.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.17 Changes in accounting policies, estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the district municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to applicable note of the Annual Financial Statements for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

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

1.18 Provisions

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

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

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

1.19 Translation of foreign currencies

Foreign currency transactions

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

1.20 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, 2003 (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.

1.21 Fruitless and wasteful expenditure

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

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act No.56 of 2003), the Municipal Systems Act, 2000 (Act No.32 of 2000), and the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the district 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.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.23 Grants in Aid

The municipality annually awards grants to organisations in terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). When making these transfers, Council does not:

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

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

1.24 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.25 Budget information

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements as prescribed in GRAP 24.

A comparison of actual vs. budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and Actual and the concomitant Appendix E1 and E2 are detailing reasons for variances in excess of 10% and R10 000.

1.26 Related parties

Key management and councillors as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.27 Value - Added Tax

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

1.28 Borrowing costs

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

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

1.29 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand 2013 2012

2. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	68,640,000	-	68,640,000	68,640,000	-	68,640,000
Buildings	77,620,416	(1,747,646)	75,872,770	72,679,596	-	72,679,596
Vehicles	41,006,402	(11,675,250)	29,331,152	38,622,944	(10,034,697)	28,588,247
Infrastructure	1,120,508	(900,719)	219,789	1,120,508	(820,433)	300,075
Other property plant and equipment	45,302,921	(16,890,123)	28,412,798	42,089,196	(16,837,049)	25,252,147
Work in Progress	-	-	-	5,072,273	-	5,072,273
Other leased assets	636,829	(464,847)	171,982	554,661	(372,190)	182,471
Heritage	8,577,850	(457,655)	8,120,195	7,915,750	-	7,915,750
Total	242,904,926	(32,136,240)	210,768,686	236,694,928	(28,064,369)	208,630,559

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Carrying value
Land	68,640,000	-	-	-	-	68,640,000
Buildings	72,679,596	665,492	-	4,275,328	(1,747,646)	75,872,770
Vehicles	28,588,247	2,383,458	-	-	(1,640,553)	29,331,152
Infrastructure	300,075	-	-	-	(80,286)	219,789
Other property, plant and equipment	25,252,147	6,670,479	(1,255,629)	796,945	(3,051,144)	28,412,798
Work in Progress	5,072,273	-	-	(5,072,273)	-	-
Other leased Assets	182,471	82,168	-	-	(92,657)	171,982
Heritage	7,915,750	662,100	-	-	(457,655)	8,120,195
	208,630,559	10,463,697	(1,255,629)	-	(7,069,941)	210,768,686

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Revaluations	Depreciation on Revaluation	Depreciation	Carrying value
Land	66,716,020	-	(14,900)	1,938,880	-	-	68,640,000
Buildings	42,945,052	11,448	-	28,078,314	2,476,662	(831,880)	72,679,596
Motor vehicles	28,072,026	2,795,987	(692,039)	-	-	(1,587,727)	28,588,247
Infrastructure	382,414	-	-	-	-	(82,339)	300,075
Other property, plant and equipment	25,825,623	3,245,467	(850,946)	-	-	(2,967,997)	25,252,147
Work in Progress	5,072,273	-	-	-	-	-	5,072,273
Other leased Assets	212,403	111,178	(23,088)	-	-	(118,022)	182,471
Heritage	2,978,073	7,975	-	5,072,889	-	(143,187)	7,915,750
	172,203,884	6,172,055	(1,580,973)	35,090,083	2,476,662	(5,731,152)	208,630,559

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand 2013 2012

2. Property, plant and equipment (continued)

Assets subject to finance lease (Net carrying amount)

Other leased Assets	171,982	182,471
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3. Intangible assets

	2013			2012		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1,117,103	(173,396)	943,707	864,032	(473)	863,559

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Carrying value
Computer software	863,559	253,071	(172,923)	943,707

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Carrying value
Computer software, other	-	864,032	(473)	863,559

4. Inventories

Roads material	307,263	-
Consumable stores	1,925,613	2,922,736
Housing Stock	10,318	10,318
	2,243,194	2,933,054

5. Other receivables from exchange transactions

Deposits	255,000	255,000
SALGA Prepayment	1,415,571	-
Other miscellaneous	47,967	98,972
Insurance claims	134,881	88,075
TCTA year end debtor	-	330
Accrued interest	4,753,811	5,019,755
Department of Water Affairs	-	156,834
	6,607,230	5,618,966

6. Receivables from non-exchange transactions

Provision for impairment for non- exchange transactions	(109,127)	-
Other receivables from non-exchange revenue	109,127	309,127
	-	309,127

Receivables from non-exchange transactions impaired

As of 30 June 2013, other receivables from non-exchange transactions of R 109 127 were impaired and provided for.

The amount of the provision was R 109 127 as of 30 June 2013.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
6. Receivables from non-exchange transactions (continued)		
The ageing of these receivables from non-exchange transactions is as follows:		
Over 6 months	(109,127)	-
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Contributions to provisions	(109,127)	-
The creation and release of provision for impaired receivables have been included in debt impairment in surplus or deficit.		
7. Trade receivables from exchange transactions		
Gross balances		
Other	1,299,743	1,938,805
Less: Allowance for impairment		
Other	(761,925)	(1,426,784)
Net balance		
Other	537,818	512,021
Age analysis		
Current (0 -30 days)	107,302	54,785
31 - 60 days	1	2,251
61 - 90 days	27,687	-
91 - 120 days	19,316	-
121+ Days	383,512	454,985
	537,818	512,021
Age analysis of trade receivables by customer classification		
Consumers		
Current (0 -30 days)	72,224	17,347
31 - 60 days	1	2,251
61 - 90 days	27,687	-
91 - 120 days	19,316	-
121 + Days	1,145,436	1,881,768
	1,264,664	1,901,366
Less: Allowance for impairment	(761,925)	(1,426,784)
	502,739	474,582
National and provincial government		
Current (0 -30 days)	35,079	37,438
Total		
Current (0 -30 days)	107,302	54,785
31 - 60 days	1	2,251
61 - 90 days	27,687	-
91 - 120 days	19,317	-
121 + Days	1,145,436	1,881,769
	1,299,743	1,938,805
Less: Allowance for impairment	(761,925)	(1,426,784)
	537,818	512,021

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
7. Trade receivables from exchange transactions (continued)		
Less: Allowance for impairment		
121 + Days	(761,925)	(1,426,784)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1,426,784)	(1,366,779)
Contributions to provision	(804)	(767,664)
Bad debts written off against provision	665,663	-
Reversal of unused Provision - DMA property rates transferred	-	707,659
	(761,925)	(1,426,784)

The risk profile of each class of debtor was assessed to determine the provision for bad debt.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,100	3,100
Bank balances	14,984,229	10,686,708
Short-term deposits	414,000,000	385,000,000
	428,987,329	395,689,808

MFMA disclosure in note 28.

9. Revaluation reserve

Opening balance	104,962,805	67,839,949
Revaluation of PPE	-	37,566,744
Transfer to accumulated surplus	(2,729,653)	(443,888)
	102,233,152	104,962,805

10. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2013

	Capital replacement reserve	Government grant reserve	Total
Opening balance	74,572,562	2,383,756	76,956,318
Transfer to reserves	-	1,497,735	1,497,735
Transfer Accumulated surplus	(8,688,386)	(490,760)	(9,179,146)
Contributions to reserves	3,000,000	-	3,000,000
	68,884,176	3,390,731	72,274,907

Ring-fenced internal funds and reserves within accumulated surplus - 2012

	Capital replacement reserve	Government grant reserve	Total
Opening balance	70,524,776	1,694,020	72,218,796
Transfer to accumulated surplus	(5,952,214)	(374,714)	(6,326,928)
Transfer to reserves	10,000,000	1,064,450	11,064,450
	74,572,562	2,383,756	76,956,318

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
11. Finance lease obligation		
Finance lease liabilities relate to cellphones with lease terms of 24 months (2012: 24 months). Amounts are paid monthly in arrears and the interest rates are linked to the prime overdraft rate, currently 8.5% (2012: 9%), during the period of the lease term.		
The municipality has options to acquire the cell phones at no cost or for a nominal amount at the conclusion of the lease agreement. The municipality's obligation under the finance leases are secured by the lessor's title to the leased assets.		
Opening balance	223,482	259,576
Capitalised lease liabilities	82,168	126,169
Payments during the year	(136,819)	(162,262)
	168,831	223,483
Finance lease obligation	(84,603)	(116,451)
Present value of minimum lease payments	84,228	107,032
Non-current liabilities	84,228	107,031
Current liabilities	84,603	116,451
	168,831	223,482

12. Liabilities relating to conditional grants

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Contribution from Private Land Owners (Electricity)	994,571	643,521
Consumer Housing Education	21,593	31,224
Community Development Workers	74,915	-
Water and Sanitation Grant	35,560	35,560
Ward Committee Summit Grant	2,159	2,159
Public Transport (Provincial)	2,407,018	1,500,000
Provincial Treasury: FMG	300,000	-
Non Motorised Transport	647,842	767,057
Financial Management Grant	793,115	220,546
	5,276,773	3,200,067

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

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

13. Employee benefits

Short-term employee benefits

Employee benefit accruals	542,427	-
Medical aid liability: Short term portion	5,037,684	14,038,469
Staff leave	9,288,870	9,068,409
Ex- gratia benefit: Short term	174,534	-
Short term: Long term service bonus	699,128	641,497
Performance bonus	400,549	469,414
	16,143,192	24,217,789

Other long term employee benefits

Long service award	10,058,920	9,108,716
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Post- employee benefits

Post- retirement medical aid benefits	126,101,599	101,386,517
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CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
13. Employee benefits (continued)		
Ex- gratia benefit	4,019,083	4,369,539
	130,120,682	105,756,056
Current liability	16,143,192	24,217,789
Non - current liability	140,179,602	114,864,772
	156,322,794	139,082,561
Post-retirement and medical aid benefits		
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
-Bonitas		
-Key Health		
-Samwumed		
Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below.		
Active members		
Principal members	353	365
% Males	68%	68%
Average age	43.3	42.5%
Average past service cost	R13. 1 million	R12.2 million
Continuation members		
Principal members	161	150
% Males	57%	52%
Average age	70	70
The amounts recognised in the Statement of Financial Position are:		
Projected benefit obligation	131,139,283	115,424,985
Plan assets	-	-
Net obligation	131,139,283	115,424,985
The obligation in respect of past services has been estimated as follows:		
Active members	56,796,000	-
Continuation members	74,343,283	-
Net obligation	131,139,283	-
The amounts recognised in the Statement of Financial Performance are:		
Current service cost	4,169,227	3,809,000
Interest cost	9,869,242	10,063,000
Recognised actuarial (gains)/ losses	6,031,714	(12,624,278)
Amount charged to Statement of Financial Performance	20,070,183	1,247,722
The future service cost for the ensuing financial year is estimated to be R4 457 568, whereas the interest cost for the next year is estimated to be R10 542 134.		
Movements in the present value of the defined benefit obligation were as follows		
Opening benefit obligation liability	115,424,985	118,385,000
Payments to members	(4,355,885)	(4,207,737)
Charge to Statement of Financial Performance	20,070,183	1,247,722
Closing benefit liability	131,139,283	115,424,985

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand 2013 2012

13. Employee benefits (continued)

Key actuarial assumptions

Discount rate	8.19 %	8.55 %
Medical inflation rate	7.82%	7.45%

Change in medical inflation rate

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

Increase

	2013	Change	% change
Effect on the aggregate of the current service cost and interest cost			
Effect on the defined benefit obligation	153,015,000	21,875,717	17%

Decrease

Effect on the aggregate of the current service cost and interest cost			
Effect on the defined benefit obligation	113,491,000	(17,648,283)	-13%

Change in the post - retirement mortality rate

The effect of a 1 year reduction in the post- retirement mortality rate is as follows:

Effect on the aggregate of the current service cost and interest cost	-	-	-
Effect on the defined benefit obligation	136 230 000	5 090 717	4%

Change in average retirement age

The effect of a 1 year reduction in the post- retirement mortality rate is as follows:

Effect on the aggregate of the current service cost and interest cost	-	-	-
Effect on the defined benefit obligation	133,037,28	1,898,00	1 %

Change in withdrawal rate

The effect of a 50% reduction in the withdrawal rate is as follows:

Effect on the aggregate of the current service cost and interest cost	-	-	-
Effect on the defined benefit obligation	136,172,28	5,033,00	4%

Ex- gratia benefits

Details of employees eligible for ex-gratia benefits are detailed below.

Members

In- service employees eligible for ex-gratia pension	26	26
In- service employees eligible for lump sum benefit on retirement	19	24
Eligible former employees receiving ex- gratia pension	4	5
Eligible spouses receiving ex- gratia pension	9	9

Average age in years

In- service employees for ex- gratia pension	54.3	53.1
In- service employees eligible for lump sum benefit on retirement	53.0	53.4
Eligible former employees receiving ex- gratia pension	61.3	59.6
Eligible spouses receiving ex- gratia pension	80.00	78.5

The amount recognised in the Statement of Financial Position are:

Projected benefit obligation	4,019,083	4,369,539
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The future service cost for the ensuing financial year is estimated to be Rnil, whereas the interest cost for the next financial year is estimated to be R316 812.

Movements in the present value of the defined benefit obligation were as follows:

Opening benefit obligation	4,369,539	3,661,000
Payments to members	(180,453)	(357,808)
Short term portion	(174,534)	-

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012	
13. Employee benefits (continued)			
Charged to Statement of Financial Performance	4,531	1,066,347	
Closed benefit obligation	4,019,083	4,369,539	
Key actuarial assumptions			
Discount rate	7.71%	8.55%	
Pension increase rate	6.27%	5.95%	
Salary inflation	7.52%	7.95%	
Change in pension increase rate	2013	Change	% change
The effect of a 1% movement in the assumed pension rate is as follows:			
Increase			
Effect on the aggregate of the current service cost and interest cost	-	-	-
Effect on the defined benefit obligation	4,535,784	342,167	8%
Decrease			
Effect on the aggregate of the current service cost and interest cost	-	-	-
Effect on the defined benefit obligation	3,895,461	(289,156)	-7%
Change in the post- retirement mortality rate			
The effect of a 1 year reduction in the post- retirement mortality rate is as follows:			
Effect on the aggregate of the current service cost and interest cost	-	-	-
Effect on the defined benefit obligation	4,337,109	143,492	3%
Change in the average retirement age			
Effect on the defined benefit obligation	4,559,311	365,694	9%
Change in withdrawal rate			
Effect on the defined benefit obligation	4,227,173	33,556	1%
Long service awards			
Details of employees eligible for long service awards are detailed below.			
Members	467	-	
Average age in years	45	-	
The amounts recognised in the Statement of Financial Position are:			
Projected benefit obligation	10,758,048	9,750,213	
The amounts recognised in the Statement of Financial Performance are:			
Current service cost	641,497	576,323	
Interest cost	649,675	683,816	
Recognised actuarial losses	676,493	620,579	
Amount charged to Statement of Financial Performance	1,967,665	1,880,718	
The future service cost for the ensuing financial year is estimated to be R699 128, whereas the interest cost for the next financial year is estimated to be R729 203.			
Movements in the present value of the benefit obligation were as follows:			
Opening benefit obligation	9,750,213	8,794,789	
Payment to members (benefits vesting)	(959,830)	(925,294)	
Charge to Statement of Financial Performance	1,967,665	1,880,718	
Closing benefit obligation	10,758,048	9,750,213	
Key actuarial assumptions			
Discount rate	7.26%	7.00%	

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012	
13. Employee benefits (continued)			
Salary inflation	6.76%	5.72%	
Average retirement age	62	0	
Change in the salary inflation rate			
The effect of a 1% movement in the assumed salary inflation rate is as follows:			
Increase			
Effect on the aggregate of the current service cost and interest cost	1,395,300	104,128	8%
Effect on the defined benefit obligation	11,498,000	73,952	7%
Decrease			
Effect on the aggregate of the current service cost and interest cost	1,198,600	(92,572)	-7%
Effect on the defined benefit obligation	10,093,000	(665,048)	-6%
Change in the average retirement age			
Increase			
Effect on the aggregate of the current service cost and interest cost	1,468,500	177,328	14%
Effect on the defined benefit obligation	12,516,000	1,757,952	16%
Decrease			
Effect on the aggregate of the current service cost and interest cost	1,098,100	(193,072)	-15%
Effect on the defined benefit obligation	9,014,000	(1,744,048)	-16%
Change in withdrawal rate			
The effect of a 50% reduction in the withdrawal rate is as follows			
Effect on the aggregate of the current service cost and interest cost	1,563,300	272,128	21%
Effect on the defined benefit obligation	12,337,000	1,578,952	15%

a) Multi - employer

The scheme was established to provide benefits to employees. All existing members were given the option to transfer to Cape Joint Venture Fund before December 1990. The fund was last actuarially valued at 30 June 2012 and the funding level was certified at 99.4% (2011: 98.1%).

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

b) Cape Joint Retirement and Pension Fund for Local Government

This multi-employer fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 7.5% of basic salary, whilst the respective Local Authorities are contributing 19.5%.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

As at 30 June 2012 the funding level of the share account was 99.9% and the pension account was 108%. At the valuation date the municipality had 497 members (Fund: 33 979 members) and nil pensioners (Fund: 780 pensioners) belonging to the fund.

The expected contribution by the municipality to the scheme in the next financial year is R13,500,000.

c) SAMWU National Provident Fund

SAMWU National Provident Fund, which is a privately-administered fund and is subject to actuarial valuation. According to the actuarial valuation the value of total assets of the SAMWU National Provident Fund was R 2 007 million on 30 June 2006. 6.49 % of Council's employees are members of this fund. The funding level of the fund was 110.3% on 30 June 2006. Financial Statements for the 2009/2010 financial year are not available yet.

d) The Municipal councillors Pension Fund

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
13. Employee benefits (continued)		
<p>This multi-employer fund was established to provide withdrawal, death and retirement benefits to Councillors. The contribution rate for Councillors is 13.75% of pensionable salary, whilst the respective Local Authorities are contributing 15%. The fund was last actuarially valued at 30 June 2009. The next actuarial valuation will be performed for the period ended 30 June 2012. It is currently not known when the latest actuarial valuation will be made available. This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.</p>		
14. Trade and other payables from exchange transactions		
Payments received in advanced	7,910	42,235
Retention	697,873	592,537
Sundry creditor payments	-	12,581
DWAF Agency	1,650,143	3,227,577
Deposits received	6,622	5,531
Other payables	3,846	1,429
WCA	-	722,570
SARS input LHA	158,372	158,372
Unclaimed funds	474,452	474,452
Hermon housing	76,166	76,166
Trade payables	2,439,360	10,451,505
Rates creditors	-	4,676
ACB's	108	409,864
Continuing medical	31,229	-
Roads Agency	7,117,767	7,866,129
	12,663,848	24,045,624
15. Trade and other payables from non- exchange transactions		
Other capital grant funding	484,447	9,773
Task wage curve	9,498,667	5,982,677
Financial Management Grant - Capital	-	709,611
Municipal Systems Improvement Grant - Capital	402,999	-
	10,386,113	6,702,061
16. Service charges		
Fire fighting services	287,652	448,365
17. Government grants and subsidies		
Operating grants		
Equitable share	6,945,000	12,461,000
Sandhills - Toilet Hire	462,873	580,828
RSC Levy Replacement grant	193,926,000	187,508,000
Expanded Public Works	1,214,000	-
Perception Survey	-	1,300,523
Public Transport (Safety and Compliance)	92,982	-
Ward Committee Summit	-	23,884
Thusong Centre	-	1,500,000
Financial Management Grant	677,431	898,371
Water and Sanitation Grant	-	99,176
Roads Agency	-	-
Hermon Housing Subsidy	521,339	768,595
Subsidy: Meerlust	-	81,109
Integrated Transport Grant	634,654	1,063,940
Consumer Housing Education	9,631	12,691
Community Development Workers Grant	44,488	63,121

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
17. Government grants and subsidies (continued)		
	204,528,398	206,361,238
Capital grants		
Donated Assets (Health)	124,280	-
Roads Agency	192,937	258,298
Working for Water	-	11,112
Financial Management Grant	-	864,032
MSIG capital	597,001	-
	914,218	1,133,442
	205,442,616	207,494,680

The amount of R 4 830 000 in respect of Municipal Infrastructure Grant funding was withheld by National Treasury and deducted from the 2012/ 2013 Equitable Share allocation. Reasons is disclosed in note 29 "Contingent asset".

18. Public contributions and donations

Nedbank	1,000,000	-
Contribution from Farmers	342,923	48,632
Anglo Lanquedoc	-	3,277
Radiostation road Ceres	184,154	-
	1,527,077	51,909

19. Other income

SETA Refund	498,016	625,863
Exhibition income	88,202	28,252
RSC Levies recovered	41	39
Eskom rebate	74,263	-
Performance management system income	-	11,400
Miscellaneous roads income	85,950	62,580
Miscellaneous income	776,040	841,107
	1,522,512	1,569,241

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
20. General expenses		
Accounting fees	92,068	71,030
Advertising	664,872	552,990
Auditors fees (note 26)	2,862,269	2,406,394
Bank charges	71,523	78,765
Cleaning	430,763	420,716
Study bursary fund	1,091,410	1,006,378
Fire breaks	437,644	313,666
Consulting and professional fees	2,604,955	1,470,136
Consumables	423,388	413,457
Entertainment	74,687	113,902
Site expenditure	105,721	73,058
Flowers	4,783	6,295
Insurance	831,714	1,259,823
Seta levies	1,142,780	1,075,468
Conferences and seminars	181,256	260,665
Public participation	139,726	181,806
IT expenses	297,580	651,817
Equipment general items	302,140	414,053
Rentals	475,329	439,085
Stock write off	-	47,479
Levies	35,813	26,235
Magazines, books and periodicals	-	6,910
Medical consumables	2,854	4,673
Motor vehicle expenses	5,495,806	4,834,248
Community fire awareness	-	80,421
Refreshments	236,282	279,214
Fuel and oil	8,804,521	8,901,992
Placement fees	7,259	6,107
Postage and courier	40,270	34,736
Printing and stationery	1,403,611	1,361,555
Communication	949,639	1,581,807
Protective clothing	39,732	1,140
Projects - Various directorates	41,256,851	70,132,765
Lisense fees - Radio	24,789	32,351
Security (Guarding of municipal property)	1,322,401	604,347
Software expenses	1,142,340	1,238,350
Subscriptions and membership fees	114,860	1,081,357
Telephone and fax	2,894,259	3,067,932
Training	2,020,112	2,031,317
Travel - local	2,254,274	1,649,176
Title deed search fees	-	3,277
Exhibition and events	707,455	832,392
Electricity	1,783,583	1,859,078
Sewerage and waste disposal	263,084	113,633
Water	207,609	175,540
Refuse	168,977	44,862
Uniforms	768,103	925,341
Translation	390,434	404,842
Co- operational agreement	-	8,843
Water/ food samples testing	866,810	910,993
Thusong Centre (Langeberg Mun)	-	1,500,000
Audit Support	189,983	203,321
Maintenance Contracts	319,949	379,715
Fire fighting special events	6,089,447	5,764,325
Venue expenses	50,207	59,018
Chemicals	236,485	221,081
Other expenses (See footnote)*	2,097,736	3,114,964
Property only	895,915	1,077,797
Reallocation Cost	299,869	11,156

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012		
20. General expenses (continued)	95,615,927	125,823,794		
* Items included in other expenses				
Emergency aid	172,647	28,157		
Internet kiosks	67,834	-		
NGO services	-	590,374		
Public functions	194,308	436,495		
Program changes mainframe	60,900	81,998		
Cash handling	37,691	39,030		
Year end function	43,534	41,502		
Video/ DVD	186,948	95,775		
Women's day celebration	62,691	150,615		
Planning: Water and Sanitation	191,000	119,960		
Biosphere Reserve: CWDM	-	300,000		
MHS management system	188,212	165,000		
Stakeholder workshops	143,162	175,821		
Kluitjieskraal nursery	-	150,000		
Birding Route Development	-	150,000		
Settlements	37,500	-		
Guidance	34,710	25,686		
Website development	30,270	25,911		
Stakeholder workshops	18,344	24,937		
Trade Union (Imatu)	47,350	30,931		
Trade Union (Samwu)	46,316	4,476		
Trade Union : Representation	47,162	67,088		
Other expenses	487,157	411,208		
	2,097,736	3,114,964		
21. Employee related costs				
Basic salaries	77,603,149	77,234,131		
Bonus	4,412,406	7,606,200		
Medical aid - company contributions	8,195,260	7,992,898		
UIF	698,451	665,036		
WCA	889,970	1,134,806		
Leave pay	464,559	1,196,416		
Student Work	1,426,380	665,013		
Operators Allowance	80,265	105,787		
Other short term costs	-	3,919,278		
Post-employment benefits - Pension - Defined contribution plan	13,419,582	13,351,944		
Travel, motor car, accommodation, subsistence and other allowances	8,625,961	9,366,564		
Overtime payments	3,573,182	2,509,882		
Long-service awards	2,874,121	-		
Medical aid current service cost	4,169,227	3,809,000		
Actuarial loss/(gain)	6,339,142	(10,357,370)		
Task wage agreement	3,515,990	3,206,512		
Housing benefits and allowances	2,947,035	3,242,305		
Other allowances	3,915,038	3,783,208		
Future medical aid expenses	10,242,838	10,445,900		
Group schemes	1,177,648	1,158,327		
Telephone	72,069	74,196		
Performance bonus	258,346	371,963		
	154,900,619	141,481,996		
2013	Long service awards	Ex gratia	PRMA	Total
Current service cost	641,497	-	4,169,227	4,810,724
Interest cost	649,675	373,596	9,869,242	10,892,513

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013		2012	
21. Employee related costs (continued)				
Net actuarial (gains)/ losses recognised	676,493	(369,065)	6,031,714	6,339,142
	1,967,665	4,531	20,070,183	22,042,379
2012	Long service awards	Ex gratia	PRMA	Total
Current service cost	576,323	-	3,809,000	4,385,323
Interest cost	683,816	382,900	10,063,000	11,129,716
Net actuarial (gains)/ losses recognised	620,579	683,447	(12,624,278)	(11,320,252)
	1,880,718	1,066,347	1,247,722	4,194,787

Remuneration senior management

2013	Basic	Car Allowance	Performance Bonuses	Contribution to UIF, Medical and Pension Funds	Other	Total
Municipal Manager	906,988	70,000	66,795	215,654	13,308	1,272,745
Chief Financial Officer*	683,386	53,500	47,047	156,488	85,798	1,026,219
Corporate and Strat. services	59,977	8,000	55,662	15,844	27,436	166,919
Community and Dev. services**	634,450	90,000	46,385	24,257	43,874	838,966
Rural and Social Development	719,765	96,000	55,662	179,013	52,412	1,102,852
Regional Dev. and Planning	753,082	76,000	55,662	165,939	61,952	1,112,635
Engineering and Infr. services	432,963	100,000	-	111,760	20,675	665,398
	4,190,611	493,500	327,213	868,955	305,455	6,185,734

* The employee resigned on the 18 May 2013.

** The employee resigned on the 31 March 2013.

2012

	Basic	Car Allowance	Performance Bonuses	Contribution to UIF, Medical and Pension Funds	Other	Total
Municipal Manager	845,291	70,000	117,643	199,449	20,515	1,252,898
Chief Financial Officer	735,054	40,000	99,436	183,081	21,374	1,078,945
Corporate and Strat. services*	579,360	96,000	74,269	153,830	16,775	920,234
Community and Dev. services	792,693	120,000	80,210	16,497	55,195	1,064,595
Rural and Social Development	680,216	96,000	89,123	152,985	57,238	1,075,562
Regional Dev. and Planning	712,714	76,000	89,123	140,477	64,900	1,083,214
	4,345,328	498,000	549,804	846,319	235,997	6,475,448

*The employee resigned on the 31 July 2012.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

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Figures in Rand 2013 2012

22. Remuneration of councillors

2013	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive mayor	620,113	93,017	72,733	19,872	805,735
Deputy mayor	404,365	79,140	229,184	49,872	762,561
Speaker	407,582	74,001	194,592	48,775	724,950
Other councillors	4,844,854	441,490	1,954,022	276,999	7,517,365
	6,276,914	687,648	2,450,531	395,518	9,810,611

2012

	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive mayor	609,843	68,119	104,921	15,848	798,731
Deputy mayor	389,433	62,762	168,292	10,849	631,336
Speaker	245,947	29,580	154,601	967	431,095
Other councillors	4,820,214	507,731	1,903,791	242,938	7,474,674
	6,065,437	668,192	2,331,605	270,602	9,335,836

23. Finance Income

Interest revenue

Interest on trade receivables	-	24
Other Interest	24,451,381	24,401,118
	24,451,381	24,401,142

24. Depreciation and amortisation

Property, plant and equipment	7,242,864	5,731,625
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25. Finance costs

Finance leases	22,860	15,310
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26. Auditors' remuneration

Fees	2,862,269	2,406,394
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27. Cash generated from operations

Surplus	23,575,146	8,750,528
Adjustments for:		
Depreciation and amortisation	7,242,864	5,731,625
Loss on disposal of assets	(1,079,779)	1,580,973
Net interest receivable adjustment	266,246	569,567
WIP incurred in prior years capitalised as a 2012/13 addition	(68,351)	-
Donated assets and assets fair valued at initial recognition	(2,201,253)	-
Unrealised foreign exchange loss/ (profit)	24,853	-
New finance lease capitalised	82,168	126,169
Proceed on disposal of PPE received in prior years	2,292,755	-

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
27. Cash generated from operations (continued)		
Debt impairment	109,932	60,005
Actuarial (gain)/ loss	6,339,142	(10,357,370)
Leave accrual	464,559	1,196,416
Bonus accrual	4,829,655	1,981,804
Performance bonus accrual	258,346	371,963
Task wage agreement	2,775	-
Future medical aid expenses	10,242,838	10,445,900
Medical aid- current service cost	4,169,227	3,809,000
Operational capital changes		
Inventories	398,284	(4,179,148)
Decrease in trade and other receivables	(26,601)	341,778
Other receivables from exchange transactions	(1,254,510)	2,132,032
Trade and other receivables from exchange transactions	(11,588,869)	(16,063,929)
VAT	682,735	2,003,493
Taxes and transfers payable (non exchange)	3,684,052	6,702,061
Receivables from non- exchange transactions	200,000	(309,127)
Movement in Employee benefit	(9,066,309)	9,589,351
Roads Agency Creditor	182,240	4,119,412
Conditional grant liability	2,076,706	666,489
	41,838,851	29,268,992
28. Short- term deposits		
ABSA - Investment		
Opening balance	72,000,000	90,000,000
Movement for the year	19,000,000	(18,000,000)
	91,000,000	72,000,000
FNB - Investment		
Opening balance	50,000,000	30,000,000
Movement for the year	30,000,000	20,000,000
	80,000,000	50,000,000
INVESTEC - Investment		
Opening balance	83,000,000	80,000,000
Movement for the year	(11,000,000)	3,000,000
	72,000,000	83,000,000
NEDCOR - Investment		
Opening balance	87,000,000	83,000,000
Movement for the year	14,000,000	4,000,000
	101,000,000	87,000,000
STANDARD BANK - Investment		
Opening balance	93,000,000	83,000,000
Movement for the year	(23,000,000)	10,000,000
	70,000,000	93,000,000
Cheque Account (Primary Bank Account) - ABSA		
Bank statement balance at the beginning of the year	<u>10,686,708</u>	<u>7,614,566</u>
Bank statement balance at the end of the year	<u>14,984,229</u>	<u>10,686,708</u>
Cash on hand	<u>3,100</u>	<u>3,100</u>

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
Cash and cash equivalents	428,987,329	395,689,808
Future Obligations and reserves linked to investments		
Accrued expenses	1,650,143	3,227,577

29. Contingencies

Contingent liabilities

(i) Application for an interdictory and declaratory relief against Cape Winelands District Municipality together with Stellenbosch Municipality for alleged non-compliance with statutory and constitutional obligations in respect of its duty to progressively realise the rights of access to adequate housing, particular to persons that are evicted and left without any alternative accommodation. During 2012/2013 the parties were in the process of exchanging pleadings and the matter was set down for 26 November 2012. If unsuccessful in opposing the application the cost will approximately be R 250 000 and if successful it is unlikely that the costs will be recovered from the plaintiff.

During 2012/2013 the matter was postponed sine die pending settlement negotiations which were ongoing. If settlement negotiations fail and the Municipality is unsuccessful in opposing the application the cost will approximately amount to R 250 000 and if successful, it is unlikely that the costs will be recovered from the applicant.

(ii) Delictual claim for damages in the amount of R 451 000. At a pre-trial conference it was decided that the matter is to be transferred from the High Court to the Magistrate Court. This has the effect that the potential liability of the Municipality is reduced to approximately R 100 000. If unsuccessful the cost might amount to R 250 000 and if successful, it is unlikely that the cost will be recovered from the plaintiff.

Please note that the amount disclosed is based on a best estimate of the possible financial implication in terms of total cost to company.

(iii) Litigating matter in respect of two eviction cases in Hermon. One matter has been settled and the other is still pending. Respondent in process of applying for pro bono - Approximately R40 000.

An amount of R 19,650.32 relates to matters that were settled by Braaf Attorneys for the 2012/2013 financial year. One matter pertaining to the application for eviction remains pending for the 2012/2013 financial year – Approximately R 8 000.

Contingent assets

(i) R4.8 million for the Municipal Infrastructure Grant was incorrectly regarded as unspent by National Treasury, deducted from the the Municipality's Equitable Share allocation and it reverted back to the National Revenue Fund. National Treasury indicated that it will consider exploring possible options that would compensate the municipality with the R4.8 million as part of the next National Adjustments Budget process or alternatively increasing allocations in the outer years of the Medium-term Expenditure Framework. However, this cannot be guaranteed and it would be mainly informed by the outcome of the National budget process.

30. Related parties

The following related parties exist:

National Treasury
Provincial Government Western Cape
National Department of Water Affairs and Forestry
Municipal Manager (M. Mgajo)
Chief Financial Officer (J.G. Marais) - untill 18/05/2013
Executive Director: (K. Le Keur) - untill 30/06/2013
Executive Director: (W.Z. Mathibela) - untill 31/03/2013
Executive Director: (C.V. Schroeder)
Executive Director: (F. Van Eck)
Executive Director: (Z.C. Mvalo) - untill 31/07/2013
Part-time and full-time Councillors

Related party balance

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
30. Related parties (continued)		
Grants and allocations received (unspent)		
National Treasury	793,115	220,546
Provincial Government Western Cape	11,472,110	10,430,090
Department of Water Affairs and Forestry	1,650,143	3,227,577
	13,915,368	13,878,213

Related party transactions

Mayoral bursary fund allocations paid to institutions on behalf of beneficiaries

Cllr H Von Schlicht (Hugenate Kollege - Director from 21/10/2010)	12,000	-
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Subsidy for solar heating and warm water

Cllr JJ Du Plessis (Oude Tol, Tulbach, 1996)	16,929	-
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Subsidy for water / sanitation farm

Cllr JJ Du Plessis (Oude Tol, Tulbach, 1996)	15,000	-
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Further disclosure in terms of Section 45 of the Municipal Supply Chain

Management Regulations

Name of person in service of the state: JW Botha (Kleinplasia Restaurant)	17,946	32,577
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Capacity in service of the state: Environmental Health Practitioner Cape Winelands District Municipality, Community and Developmental Services.

Only the known related parties were disclosed. See Appendix H (Procurement) and Appendix J (Mayoral bursary fund).

31. Risk management

Financial risk management

Liquidity risk

It is defined as the risk that the municipality will not be able to meet its financial obligations as it falls due. The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit Risk primarily relates to cash investments. Council deposits cash surpluses with financial institutions of high quality and standing. Investments are made in terms of the Municipality's approved Cash Management and Investments Policy.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The Council has no outstanding loans as at 30 June 2013. The increases in interest rates will therefore have no effect on the liquidity of Council. The average interest rate on investments was 4.44%.

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

- Call deposits

Reliance on national government for funds

With the abolishment of the Regional Services Council Levies on 30 June 2006 the Cape Winelands District Municipality will be dependant on Government Grants, including the Equitable Share, for approximately 65% of the Municipality's revenue. In addition, Provincial Allocations, including the rendering of Agency Services & Public Contributions account for a further 26.4%.

Foreign currency risk

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand 2013 2012

31. Risk management (continued)

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

32. Loss on foreign currency

Unrealised loss on foreign currency transaction

Microsoft licences, software and training benefits

24,853 -

The municipality did not take out foreign exchange forward cover on this transaction.

33. Unauthorised expenditure

Long service bonuses

2,531,710 -

Unauthorised expenditure arose as a result of an actuarial valuation done respect of long service bonuses. The said expenditure will be authorised in an adjustments budget contemplated in section 28(2)(g) of the MFMA as anticipated by section 32(2)(a)(i) of the MFMA to be dealt with the Municipal Budget and Reporting Regulations, 2008 as a special adjustments budget tabled in council when the mayor tables the annual report in terms of section 127 (2) of the MFMA that deals with unauthorised expenditure from the previous year.

34. Fruitless and wasteful expenditure

Balance

50,927 19,636

Details of Fruitless and wasteful expenditure

Disciplinary steps taken/ criminal proceedings

Non-attendance of the computer literacy programme by Councillors (MPAC.6.9 23, May 2013)

After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council

- 11,479

Non-deduction of unpaid leave (MPAC.7.1 23, May 2013)

After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council

- 5,043

Non-deduction of unpaid leave (MPAC.7.2 23, May 2013)

After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council

- 3,114

Microsoft penalty

Awaiting investigation by Council committee in terms of section 32 of the MFMA

13,427 -

Contractor failed to deliver product as per specification. Payment demanded by original supplier's attorney.

Awaiting investigation by Council committee in terms of section 32 of the MFMA

37,500 -

50,927 19,636

35. Irregular expenditure

Balance

9,207,055 9,170,985

Details of irregular expenditure

Disciplinary steps taken/ criminal proceedings

-

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012	
35. Irregular expenditure (continued)			
Electricity, equipment and airtime was purchased from Dynamics Vision Marketers. Business conducted with persons in service of the state (SCM Reg. 44) (MPAC.6.11, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council	-	14,314
Financial support was provided to Nombula events entertainment solutions. Business conducted with persons in service of the state (SCM Reg 44) (MPAC.6.11, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council	-	40,000
Service provider (First Technologies)	Awaiting investigation by Council committee in terms of section 32 of the MFMA.	75,240	-
Non-compliance with Supply Chain Management policy (MPAC.6.1 23, May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council.	-	2,500
Additional guests for the christmas lunch (MPAC.6.2, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council.	-	8,208
Additional cost for table decorations incurred (MPAC.6.3, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council.	-	8,750
Calculation error which resulted in appointing a supplier whose price was not the lowest (MPAC.6.4, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council.	-	1,541
Payment made in contravention of regulation 44 (MPAC.6.5, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council.	-	3,905
Cancellation fees paid to Van Tuka in order to avoid legal and cancellation costs (MPAC.6.6, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council.	-	13,450
The reproduction of CWDM dvd's in terms of Q2012/828 from KPG Media Technologies. The preference of goods above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act (MPAC.6.10, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council.	-	164,499
Cancellation fees paid to Wine Valley Horse Trails CC in order to avoid further fruitless expenditure (MPAC.6.7, 23 May 2013)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting on 23 May 2013 as irrecoverable and written off by the Council.	-	6,550
Service Provider performed work without proper authorisation	Awaiting investigation by Council committee in terms of section 32 of the MFMA.	9,348	-
Non- compliance with Regulation 36 of SCM regulations. Incorrectly dealt with in terms of Regulations 16 and 17 of SCM regulations. Also, non-compliance with SCM Reg 17(1)(c) where the Municipality could not obtain three quotations	Awaiting investigation by Council committee in terms of section 32 of the MFMA.	9,122,467	8,907,268

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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35. Irregular expenditure (continued)

	9,207,055	9,170,985
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Analysis of expenditure awaiting condonation per age classification

Irregular expenditure awaiting condonation	9,207,055	8,907,268
	-	-
	9,207,055	8,907,268

Details of irregular expenditure condoned

Condoned by Council	-	263,717
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36. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee (SALGA)	1,365,393	1,186,122
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37. Disclosures in terms of the Municipal Supply Chain Management Regulations - promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 as well as deviations incorrectly dealt with in terms of Regulation 17(1)(c) instead of Regulation 36 that are awaiting condonation by Council - refer to the Irregular Expenditure disclosed in Note 35.

2013	Total	Emergency	Impossible	Impractical	Sole Supplier/ Agent
July	378,344	2	-	14	46
August	262,198	-	-	13	26
September	181,981	-	-	21	22
October	782,292	1	2	30	28
November	545,323	1	1	21	35
December	306,266	-	1	8	26
January	475,185	1	-	28	35
February	625,821	-	-	24	50
March	408,152	-	-	22	39
April	199,620	1	1	24	28
May	199,240	-	-	17	14
June	703,406	-	-	11	43
	5,067,828	6	5	233	392
2012	Total	Emergency	Impossible	Impractical	Sole Supplier/ Agent
July	332,113	-	3	11	32
August	443,186	-	-	18	31
September	358,006	-	4	26	60
October	510,616	-	-	37	30
November	416,676	-	1	20	34
December	553,489	2	6	31	18
January	606,325	1	-	31	12
February	562,921	-	1	33	61
March	377,421	-	-	26	41
April	287,989	1	-	23	34
May	825,227	1	1	27	27
June	1,512,811	-	-	20	22
	6,786,780	5	16	303	402

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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38. Fair Value

Financial instruments which includes short-term trade receivables and payables are stated at cost excluding debt premiums and discounts which is also equal to their fair value.

The municipality's surplus funds are not managed by external asset management service providers.

39. Capital Commitments

Commitments in respect of capital expenditure

Approved and contracted for-	-	-
Infrastructure	640,299	-
Buildings	-	414,000
	640,299	414,000

The above expenditure will be funded from the accumulated surplus. Capital commitments relate to specific capital projects as per an approved tender and appropriated in terms of an approved budget, but is still in progress at 30 June 2013. See Appendix I.

40. Correction of prior period error

(i) Liabilities relating to conditional grant was understated with an amount of R 13 597 in 2011/ 2012. The grant is received from provincial government and during the 2011/ 2012 financial year the expenditure was higher than the grant. The transaction will have the following effect.

DT. Other Debtors:Community Development Workers Additional - R13 597.

CT. Liabilities relating to conditional grant: Community Development Workers - R 13 597.

(ii) The following restatements was made to various items and categories in the Annual Financial Statements.

The Municipality corrected the following prior period errors retrospectively and restated comparative amounts where necessary.

Management reviewed the useful lives and residual values of items of property, plant and equipment. The effect is that the opening balance of the 2012 accumulated surplus is R46 852 501 more than previously reported.

Certain housing schemes and work-in-progress items previously recognised as property, plant and equipment have been reclassified as inventory and/ or expensed. The housing schemes, classified as inventory, are subsequently measured at the lower of cost and current replacement cost. The effect of the change in valuation of housing schemes reclassified as inventory is that the opening balance of the 2012 accumulated surplus is R353 889 less than previously reported, whilst the opening balance of the 2012 accumulated surplus is R29 806 087 less than previously reported due to housing schemes and work-in-progress expensed.

Long service leave benefits were actuarial valued during the current financial year. The effect of the correction is that the opening balance of the 2012 accumulated surplus is R5 524 693 less than previously reported, whilst the expense in the current financial year is R45 682 more than previously reported.

The wage curve adjustment was previously recognised as a contingent liability has now been included in the employee benefits liability. The effect of the correction is that the opening balance of the 2012 accumulated surplus is R2 776 165 less than previously reported, whilst the expense in the current financial year is R3 206 511 more than previously reported.

Revenue relating to fire fighting services is now recognised when the service is rendered and not only when the cash is received. The effect of the correction is that the opening balance of the 2012 accumulated surplus is R290 529 more than previously reported, whilst the revenue in the current financial year is R448 365 more than previously reported.

The effect of these corrections of error on accumulated surplus and surplus is summarised below:

Effect on accumulated surplus

Depreciation on property, plant and equipment	-	46,852,501
Housing schemes expensed on transfer title	-	(16,134,960)

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
Housing schemes: Valuation adjustment on items reclassified from PPE to inventory	-	(353,889)
Work in progress expensed	-	(13,671,127)
Clinics transferred to the Department of Health in prior years.	-	(2,741,764)
Other items disposed prior to 1 July 2011	-	(2,914,795)
Actuarial valuation adjustment relating to long service leave benefits	-	(5,524,693)
Revaluation adjustment	-	28,691,487
Assets not previously capitalised	-	149,659
Items capitalised incorrectly	-	(300,409)
VAT correction	-	67,405
Debt correction	-	117,127
Wage curve provision	-	(2,776,165)
Rendering of fire fighting services recognised as revenue	-	290,529
Debtor raised in respect of non- performing contractors	-	200,000
	-	31,950,906
Effect on surplus for the year		
Depreciation on property, plant and equipment	-	2,590,381
Amortisation of intangible assets	-	(473)
Actuarial valuation adjustment relating to long service leave benefits	-	(45,682)
Other items disposed prior for 1 July 2011	-	(756,055)
Revaluation adjustment	-	1,711,926
Rendering of fire fighting services recognised as revenue	-	448,365
Wage curve provision	-	(3,206,511)
	-	741,951
1.1 Opening balances have been restated as follows:		
Property, plant and equipment		
Balance reported previously	-	268,740,185
Housing schemes reclassified as inventory	-	(364,208)
Clinics transferred to the Department of Health in prior years	-	(4,437,596)
Other items disposed prior to 1 July 2011	-	(3,670,850)
Revaluation adjustment	-	6,158,618
Assets not previously capitalised	-	407,568
Work in Progress expensed	-	(13,671,127)
Housing schemes expensed on transfer of title	-	(16,134,960)
Items capitalised incorrectly	-	(332,703)
	-	236,694,927
Accumulated depreciation: Property, plant and equipment		
Balance reported previously	-	46,542,242
Correction of useful lives and residual values	-	(46,852,501)
Housing schemes reclassified as inventory	-	(3,751)
Clinics transferred to the Department of Health in prior years	-	(1,695,832)
Other items disposed prior to 1 July 2011	-	(756,055)
Revaluation adjustment	-	30,604,650
Assets not previously capitalised	-	257,909
Items capitalised incorrectly	-	(32,294)
	-	28,064,368
Inventory		
Balance reported previously	-	2,922,736
Housing schemes reclassified as inventory	-	364,208
Valuation method adjustment relating to housing schemes	-	(353,889)
	-	2,933,055
Other receivables from exchange transactions		
Balance reported previously	-	5,605,369

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
Reclassification of amount owed by the Community Development Workers previously included under conditional grants	-	13,597
	-	5,618,966
Receivables from non-exchange transactions		
Balance reported previously	-	-
Debtor correction	-	117,127
Debtor raised in respect of non-performing contractors	-	200,000
Reclassification to trade and other payables from exchange transactions	-	(8,000)
	-	309,127
VAT receivable		
Balance reported previously	-	1,947,123
Reclassification from trade and other payables from exchange transactions	-	(1,108,355)
	-	838,768
Trade receivables from exchange transactions		
Balance reported previously	-	77,987
Reclassification to employee benefits	-	(304,860)
Rendering of fire fighting services recognised as revenue	-	738,894
	-	512,021
Trade and other payables from exchange transactions		
Balance reported previously	-	44,019,265
Accrued leave pay reclassified to employee benefits	-	(9,554,145)
Accrued bonus reclassified to employee benefits	-	(5,251,900)
Accrued salary expenses reclassified to employee benefits	-	(321,594)
Amounts reclassified to employee benefits	-	(6,138,302)
Suspense vote conditional grant	-	(79,098)
Reclassification from receivables from non-exchange transactions	-	(8,000)
VAT creditor reclassified to VAT receivable	-	(1,108,355)
DWAF reclassified from conditional grants	-	3,206,692
FMG grant reclassified to trade and other payables from non-exchange transactions	-	(709,166)
Other capital grants funding reclassified to trade and other payables from non-exchange transactions	-	(9,773)
	-	24,045,624
Trade and other payables from non-exchange transactions		
Balance reported previously	-	-
Wage curve provision	-	5,982,676
FMG grant reclassified from trade and other payables from exchange transactions	-	709,166
Other capital grants reclassified from trade and other payables from exchange transactions	-	10,219
	-	6,702,061
Conditional grants		
Balance reported previously	-	6,393,162
DWAF reclassified to trade and other payables from exchange transactions	-	(3,206,692)
Reclassification of amount owed by the Community Development Workers to "Other Receivables from exchange transactions"	-	13,597
	-	3,200,067
Employee benefits (current and non-current portion)		
Balance reported previously	-	119,748,843
Wage curve provision	-	5,982,676

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
Actuarial valuation adjustment relating to long service leave benefits	-	5,570,375
Accrued leave pay reclassified from trade and other payables from exchange transactions	-	9,554,145
Accrued bonus reclassified from trade and other payables from exchange transactions	-	5,251,900
Accrued salary expenses reclassified from trade and other payables from exchange transactions	-	321,594
Reclassification from trade receivables from exchange transactions	-	304,860
Actuarial valuation adjustment of future medical aid	-	3,450,099
Reclassification from trade and other payables from exchange transactions	-	6,138,302
		<hr/>
		- 156,322,794

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand

Prior Year Error - Statement of Financial Performance

Revenue	Note	Restated 2012	2012	Difference		Comment
Service charges	16	448 365	570 302	-121 937	121 937	Debtor raised for fire services rendered
Rental of facilities and equipment		55 914	55 914	-		
Interest received (trading)			24	24	-24	Restated to Finance Income
Income from agency services		84 777 337	6 910 073	-77 867 264	77 867 264	Restatement of Agency transfer payment.
Government grants and subsidies	17	207 494 680	284 366 851	76 872 171	50 446	Restated - Working for Water Adjustment (R20 885); Correction of VAT JNL 86 (COMAF 32) (R71 330)
					768 595	Restatement of Hermon Housing subsidy of R 768 494.93.
					-77 639 303	Restatement of Agency transfer payment.
					-51 909	Restated - to public contributions and donations
Other income	19	1 569 241	13 583 002	12 013 761	-11 047 550	Restated - Actuarial Gain to nett off against employee related costs
					-700 666	Restated - Adjustment of provision on debt impairment to Debt impairment
					-382 673	Restated as internal transaction - handling fee for stores issues
					117 127	Restated - income when raising receivables from non-exchange transactions
Finance Income	23	24 401 142	24 401 118	-24	24	Restated from interest received (trading)
Public Contributions	18	51 909	-	-51 909	51 909	Restated - from government grants and subsidies
		318 798 588	329 887 284	10 844 822	-10 844 823	

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand

Prior Year Error - Statement of Financial Performance

Expenses		Restated 2012	2012	Difference		Comment
Employee related Cost	21	141 481 996	139 938 116	-1 543 880	-11 047 550	Restated - Actuarial Gain disclosed as part of Employee related costs from Other Income
					-1 026 379	Restatement of valuation of bonus.
					690 181	Restated - Actuarial loss disclosed as part of Employee related costs from Actuarial loss
					10 445 900	Restated - interest paid on employee benefits from finance cost
					-724 784	Restated - DWAF employee related cost included
					3 206 512	Provision made for TASK Wage Curve
Remuneration to Councilors	22	9 335 836	9 335 836	-	-	
Depreciation and amortisation	24	5 731 625	8 318 323	2 586 698	-2 586 698	Restated - upgrade of asset register
Finance Cost	25	15 310	10 946 945	10 931 635	-10 445 900	Restated - interest paid on employee benefits included in employee costs
					-485 735	Restated - interest paid to funds reversed
Debt impairment	6 & 7	60 005	-	-60 005	60 005	Restated - from Other income, adjustment on provision & provision for fire fighting debtor raised.
Collection cost			-	-		
Repairs and Maintenance		26 018 521	27 065 656	-1 047 135	1 047 135	Restated - Roads Agency external vehicle repairs incorrectly allocated to repairs and maintenance
General expenses	20 & 32	125 823 794	125 466 435	357 359	-1 047 540	Restated - Roads Agency external vehicle repairs incorrectly allocated to repairs and maintenance.
					690 181	Restated - Actuarial Gain disclosed as part of Employee related costs
Loss on disposal of assets		1 580 973	858 815	722 158	-722 158	Restated - upgrade of asset register
Actuarial loss		-	690 181	690 181	-690 181	Restated - Actuarial loss disclosed as part of Employee related costs
		310 048 060	322 620 307	12 637 011	-12 637 011	

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix A

June 2013

Schedule of external loans as at 30 June 2013

Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
Loan Stock		-	-	-	-	-	-
Structured loans		-	-	-	-	-	-
Funding facility		-	-	-	-	-	-
Development Bank of South Africa		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Other loans		-	-	-	-	-	-
Lease liability		-	-	-	-	-	-
Annuity loans		-	-	-	-	-	-
Government loans		-	-	-	-	-	-
Total external loans		-	-	-	-	-	-

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix C

June 2013

Segmental analysis of property, plant and equipment as at 30 June 2013
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 deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	977,836	154,126	(158,221)	-	-	-	973,741	(599,677)	105,967	-	(65,229)	-	(558,939)	414,802
Finance & Admin/Finance	189,167,229	2,800,816	(1,422,849)	-	-	-	190,545,196	(13,780,890)	1,034,071	-	(4,615,852)	-	(17,362,671)	173,182,525
Planning and Development/Economic Development/Plan	1,112,332	13,394	(109,991)	-	-	-	1,015,735	(420,437)	62,882	-	(92,531)	-	(450,086)	565,649
Health/Clinics	1,693,726	194,411	(553,994)	-	-	-	1,334,143	(805,055)	368,707	-	(124,616)	-	(560,964)	773,179
Comm. & Social/Libraries and archives	260,903	53,783	(24,422)	-	-	-	290,264	(72,438)	9,485	-	(25,341)	-	(88,294)	201,970
Housing	201,865	22,637	(27,855)	-	-	-	196,647	(88,039)	16,447	-	(17,158)	-	(88,750)	107,897
Public Safety/Police	36,349,844	5,654,154	(1,444,755)	-	-	-	40,559,243	(9,234,913)	1,038,221	-	(1,749,866)	-	(9,946,558)	30,612,685
Environmental Protection/Pollution Control	166,600	11,715	(580)	-	-	-	177,735	(9,963)	152	-	(15,057)	-	(24,868)	152,867
Roads Transport/ Roads	7,368,104	1,787,784	(445,245)	-	-	-	8,710,643	(2,897,347)	322,185	-	(518,755)	-	(3,093,917)	5,616,726
Other	260,522	23,948	(65,787)	-	-	-	218,683	(156,084)	39,953	-	(18,459)	-	(134,590)	84,093
	237,558,961	10,716,768	(4,253,699)	-	-	-	244,022,030	(28,064,843)	2,998,070	-	(7,242,864)	-	(32,309,637)	211,712,393
Total	237,558,961	10,716,768	(4,253,699)	-	-	-	244,022,030	(28,064,843)	2,998,070	-	(7,242,864)	-	(32,309,637)	211,712,393

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix D

June 2013

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

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
45,315,105	44,764,439	550,666	Executive & Council/Mayor and Council	38,290,978	49,550,756	(11,259,778)
190,468,095	37,961,690	152,506,405	Finance & Admin/Finance	196,212,997	43,572,010	152,640,987
771,552	10,199,552	(9,428,000)	Planning and Development/Economic Development/Plan	1,028,349	864,019	164,330
299,437	28,201,024	(27,901,587)	Health/Clinics	71,077	31,541,810	(31,470,733)
63,371	20,119,009	(20,055,638)	Comm. & Social/Libraries and archives	81,715	17,256,349	(17,174,634)
2,321,450	41,250,643	(38,929,193)	Housing	2,946,216	17,851,493	(14,905,277)
514,691	34,738,488	(34,223,797)	Public Safety/Police	292,000	42,389,652	(42,097,652)
7,990,774	13,247,121	(5,256,347)	Environmental Protection/Pollution Control	7,164,720	10,499,885	(3,335,165)
71,025,861	73,939,271	(2,913,410)	Road Transport/Roads	61,991,521	64,834,863	(2,843,342)
28,252	5,626,823	(5,598,571)	Other/Air Transport	88,202	6,231,792	(6,143,590)
-	-	-		-	-	-
318,798,588	310,048,060	8,750,528		308,167,775	284,592,629	23,575,146
Municipal Owned Entities Other charges						
318,798,588	310,048,060	8,750,528	Municipality	308,167,775	284,592,629	23,575,146
318,798,588	310,048,060	8,750,528	Total	308,167,775	284,592,629	23,575,146

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix E(1)

June 2013

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013

	Current year 2012 Act. Bal.	Current year 2012 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand		
Revenue					
Service charges	287,652	160,000	127,652	79.8	Service fee received relates to fire service. The municipality does not budget for fire income due to the instability thereof.
Rental of facilities and equipment	57,560	50,400	7,160	14.2	
Income from agency services	73,799,198	7,715,100	66,084,098	856.6	Transfers received from Roads in March resulting in a budget adjustment
Other income - (rollup)	1,522,512	1,346,908	175,604	13.0	Actuarial gain was only determined at the end of the financial year; hence was not anticipated and not budgeted
Public contributions and donations	1,527,077	1,700,000	(172,923)	(10.2)	Not all funds were utilised. The unspent funds was classified as a creditor and rolled over to the next financial year.
Government grants	205,442,616	298,321,208	(92,878,592)	(31.1)	Transfer paymnet from agency services disclosed under income from agency above.
Interest received - investment	-	-	-	-	
Interest received - other	24,451,381	24,340,000	111,381	0.5	
	307,087,996	333,633,616	(26,545,620)	(8.0)	
Expenses					
Employee related cost	(154,900,619)	(147,250,954)	(7,649,665)	5.2	
Remuneration of councillors	(9,810,611)	(9,986,926)	176,315	(1.8)	
Depreciation	(7,242,864)	(14,077,900)	6,835,036	(48.6)	Due to changes in the accounting policy, depreciation changed in relation to estimate.
Finance costs	(22,860)	(25,100)	2,240	(8.9)	Interest allocated to the leave fund was more than budgeted.
Debt impairment	(109,932)	-	(109,932)	(100.0)	Only after the adjustments budget, the conclusion facts revealed irrecoverable debt
Collection costs	-	-	-	-	
Repairs and maintenance - General	(16,889,818)	(17,387,612)	497,794	(2.9)	
Bulk purchases	-	-	-	-	
Cost of housing sold	-	-	-	-	
General Expenses	(95,615,925)	(142,523,917)	46,907,992	(32.9)	Mainly it relates to underspending on projects- Renewable electricity project awaits installation; Upgrade of rural roads project rolled-over to 2013/2014 financial year; Upgrading of rural sport facilities project was delayd due to uncertainties around the interpretation of the MFMA; DWAF training and clearing projects are completed, however indications during budget process anticipated more funds; Remaining funds on water and sanitation on farms project rolled-over to 2013/2014 financial year; SCM process was delayd in upgrading of infrastructure at rural schools project and funds rolled over to 2013/2014 financial year; Transport plan project was completed at cost less than anticipated; Delays were caused by other stakeholders as well as the re-appointment of consultants in respect of Impound facility project. Rolled-over to 2013/2014 financial year.
	(284,592,629)	(331,252,409)	46,659,780	(14.1)	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	1,079,780	(2,200)	1,081,980	(49,180.9)	Clean up of the Fixed Asset Register resulted in various disposals

CAPE WINELANDS DISTRICT

MUNICIPALITY

Appendix E(1)

June 2013

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013

	Current year 2012 Act. Bal.	Current year 2012 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
	1,079,780	(2,200)	1,081,980	(49,180.9)
Net surplus/ (deficit) for the year	23,575,147	2,379,007	21,196,140	891.0

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix E(2)

June 2013

Budget Analysis of Capital Expenditure as at 30 June 2013

	Additions	Revised Budget	Variance	Variance	Explanation of significant
	Rand	Rand	Rand	%	variances from budget
Municipality					
Executive & Council/Mayor and Council	154,126	71,166	(82,960)	(117)	Clean-up of asset register.
Finance & Admin/Finance	2,800,816	3,547,366	746,550	21	The budgeted amount for the assets was less than the price the items was procured.
Planning and Development/Economic Development/Plan	13,394	-	(13,394)	-	
Health/Clinics	194,411	-	(194,411)	-	
Comm. & Social/Libraries and archives	53,783	39,370	(14,413)	(37)	Clean-up of asset register.
Housing	22,637	1,676,406	1,653,769	99	Clean-up of asset register.
Public Safety/Police	5,654,154	5,910,459	256,305	4	
Environmental Protection/Pollution Control	11,715	-	(11,715)	-	
Road Transport/Roads	1,787,784	619,068	(1,168,716)	(189)	Clean-up of asset register.
Other	23,948	-	(23,948)	-	
	10,716,768	11,863,835	1,147,067	10	

Other charges

APPENDIX F

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

GRANTS AND SUBSIDIES RECOGNISED OPERATIONAL

DESCRIPTION	STRATEGIC OBJECTIVE	VOTE	FUNDS UNSPENT 01/07/2012	INCOME RECEIVED 2012/2013	INCOME RECOGNISED 2012/2013	EXPENDITURE 2012/2013	UNSPENT 30/06/2013
TRAINING OF HOUSING OFFICIALS	ENGINEERING AND INFRASTRUCTURE	PROJECTS AND HOUSING	-2 159	-	-	-	-2 159
EQUITABLE SHARE	ALL STRATEGIC OBJECTIVES	ALL VOTES	-	-6 155 000	6 155 000	6 155 000	-
RSC LEVY REPLACEMENT	ALL STRATEGIC OBJECTIVES	ALL VOTES	-	-193 926 000	193 926 000	193 926 000	-
SANDHILLS - TOILET HIRE	ENGINEERING AND INFRASTRUCTURE	PROJECTS AND HOUSING	-	-462 873	462 873	462 873	-
COMMUNITY DEVELOPMENT WORKERS	COMMUNITY AND DEVELOPMENTAL SERVICES	SOCIAL DEVELOPMENT	13 597	-133 000	44 488	44 488	-74 915
CONSUMER HOUSING	ENGINEERING AND INFRASTRUCTURE	PROJECTS AND HOUSING	-31 224	-	9 631	9 631	-21 593
FINANCE MANAGEMENT GRANT	FINANCIAL SERVICES	FINANCE MANAGEMET GRANT	-220 546	-1 250 000	677 431	677 431	-793 115
INTEGRATED TRANSPORT PLAN	ENGINEERING AND INFRASTRUCTURE	PUBLIC TRANSPORT REGULATION	-767 057	-715 000	634 654	834 214	-647 842
PUBLIC TRANSPORT REGULATION	ENGINEERING AND INFRASTRUCTURE	PUBLIC TRANSPORT REGULATION	-1 500 000	-1 000 000	92 982	92 982	-2 407 018
WATER & SANITATION MANAGEMENT	ENGINEERING AND INFRASTRUCTURE	PROJECTS AND HOUSING	-35 560	-	-	-	-35 560
EXTENDED PUBLIC WORKS PROGRAMME	ENGINEERING AND INFRASTRUCTURE	PROJECTS AND HOUSING	-	-1 214 000	1 214 000	1 214 000	-
FINANCIAL MANAGEMENT GRANT: PROVINCIAL TREASURY	FINANCIAL SERVICES	MANAGEMENT: FINANCE	-	-300 000	-	-	-300 000
HERMON HOUSING SUBSIDY	ENGINEERING AND INFRASTRUCTURE	PROJECTS AND HOUSING	-	-521 339	521 339	-	-
			-2 542 949	-205 677 212	203 738 399	203 416 620	-4 282 204

APPENDIX F

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

GRANTS AND SUBSIDIES FROM PUBLIC CONTRIBUTIONS

DESCRIPTION	STRATEGIC OBJECTIVE	VOTE	FUNDS UNSPENT	INCOME	INCOME	EXPENDITURE	UNSPENT
			01/07/2012	RECEIVED 2012/2013	RECOGNISED 2012/2013	2012/2013	30/06/2013
NEDBANK: SEED FUNDING	REGIONAL DEVELOPMENT AND PLANNING	ECONOMIC DEVELOPMENT		-1 000 000	1 000 000	1 000 000	-
RADIOSTATION ROAD CERES	ENGINEERING AND INFRASTRUCTURE	PROJECTS AND HOUSING		-184 154	184 154	184 154	-
CONTRIBUTION TO PRIVATE LAND (ELECTR)	ENGINEERING AND INFRASTRUCTURE	PROJECTS AND HOUSING	-643 521	-693 973	342 923	342 923	-994 571
			-643 521	-1 878 127	1 527 077	1 527 077	-994 571
UNSPENT AS PER STATEMENT OF FINANCIAL POSITION			-3 186 469	-207 555 340	205 265 476	204 943 697	-5 276 775

GRANTS AND SUBSIDIES RECOGNISED CAPITAL

-35 282 971

DESCRIPTION	STRATEGIC OBJECTIVE	VOTE	FUNDS UNSPENT	INCOME	INCOME	EXPENDITURE	UNSPENT
			01/07/2012	RECEIVED 2012/2013	RECOGNISED 2012/2013	2012/2013	30/06/2013
DONATED ASSETS: HEALTH	COMMUNITY AND DEVELOPMENTAL SERVICES	MUNICIPAL HEALTH	-	124 280.00	124 280.00	124 280.00	248 560
DONATED ASSETS: HEALTH	ENGINEERING AND INFRASTRUCTURE	ROADS AGENCY	-	192 937.00	192 937.00	192 937.00	385 874
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	FINANCIAL SERVICES	BUDGET OFFICE	-	-1 000 000.00	597 002.00	597 002	-402 998
			-	-682 783	914 219	914 219	231 436
UNSPENT CAPITAL GRANTS			-	-682 783	914 219	914 219	231 436

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013

	2012/2013								2012/2011					
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard														
Governance and administration	241,422,800	(1,108,944)	240,313,856	-	240,313,856	234,503,977		(5,809,879)	98 %	97 %				233,418,160
Executive and council	44,179,900	(1,447,290)	42,732,610	-	42,732,610	38,290,983		(4,441,627)	90 %	87 %				43,731,219
Budget and treasury office	196,492,500	(1,098,554)	195,393,946	-	195,393,946	194,747,426		(646,520)	100 %	99 %				188,574,023
Corporate services	750,400	1,436,900	2,187,300	-	2,187,300	1,465,568		(721,732)	67 %	195 %				1,112,918
Community and public safety	9,842,300	(7,320,637)	2,521,663	-	2,521,663	3,391,006		869,343	134 %	34 %				2,331,996
Community and social services	637,000	(1,172,000)	(535,000)	-	(535,000)	81,714		616,714	(15) %	13 %				321,669
Public safety	220,000	(40,000)	180,000	-	180,000	292,000		112,000	162 %	133 %				507,576
Housing	8,985,300	(6,132,137)	2,853,163	-	2,853,163	2,946,216		93,053	103 %	33 %				1,461,612
Health	-	23,500	23,500	-	23,500	71,076		47,576	302 %	DIV/0 %				41,139
Economic and environmental services	75,971,400	7,481,897	83,453,297	-	83,453,297	70,184,589		(13,268,708)	84 %	92 %				83,020,180
Planning and development	17,600	994,900	1,012,500	-	1,012,500	1,028,349		15,849	102 %	5,843 %				400
Road transport	61,245,100	6,970,387	68,215,487	-	68,215,487	61,991,520		(6,223,967)	91 %	101 %				75,006,554
Environmental protection	14,708,700	(483,390)	14,225,310	-	14,225,310	7,164,720		(7,060,590)	50 %	49 %				8,013,226
Other	50,000	(20,000)	30,000	-	30,000	88,202		58,202	294 %	176 %				-
Other	50,000	(20,000)	30,000	-	30,000	88,202		58,202	294 %	176 %				28,252
Total Revenue - Standard	327,286,500	(967,684)	326,318,816	-	326,318,816	308,167,774		(18,151,042)	94 %	94 %				318,798,588

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2013

	2012/2013								2012/2011						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	102,753,900	(10,666,473)	92,087,427	-	-	92,087,427	93,122,767	-	1,035,340	101 %	91 %	-	-	-	80,735,901
Executive and council	54,766,000	(8,341,703)	46,424,297	-	-	46,424,297	48,162,467	-	1,738,170	104 %	88 %	-	-	-	38,633,600
Budget and treasury office	17,206,300	(129,020)	17,077,280	-	-	17,077,280	19,080,217	-	2,002,937	112 %	111 %	-	-	-	15,174,550
Corporate services	30,781,600	(2,195,750)	28,585,850	-	-	28,585,850	25,880,083	-	(2,705,767)	91 %	84 %	-	-	-	26,927,751
Community and public safety	131,953,650	(3,140,681)	128,812,969	-	-	128,812,969	109,039,304	-	(19,773,665)	85 %	83 %	-	-	-	127,957,342
Community and social services	20,246,500	(848,441)	19,398,059	-	-	19,398,059	17,256,349	-	(2,141,710)	89 %	85 %	-	-	-	20,583,650
Public safety	44,007,550	1,638,690	45,646,240	-	-	45,646,240	42,389,652	-	(3,256,588)	93 %	96 %	-	-	-	38,103,585
Housing	35,818,000	(6,389,090)	29,428,910	-	-	29,428,910	17,851,493	-	(11,577,417)	61 %	50 %	-	-	-	41,101,352
Health	31,881,600	2,458,160	34,339,760	-	-	34,339,760	31,541,810	-	(2,797,950)	92 %	99 %	-	-	-	28,168,755
Economic and environmental services	91,950,050	7,126,396	99,076,446	-	-	99,076,446	76,198,766	-	(22,877,680)	77 %	83 %	-	-	-	95,727,994
Planning and development	8,637,050	104,490	8,741,540	-	-	8,741,540	864,019	-	(7,877,521)	10 %	10 %	-	-	-	12,946,185
Road transport	65,671,100	7,919,686	73,590,786	-	-	73,590,786	64,834,863	-	(8,755,923)	88 %	99 %	-	-	-	69,345,800
Environmental protection	17,641,900	(897,780)	16,744,120	-	-	16,744,120	10,499,884	-	(6,244,236)	63 %	60 %	-	-	-	13,436,009
Other	6,502,800	225,740	6,728,540	-	-	6,728,540	6,231,792	-	(496,748)	93 %	96 %	-	-	-	-
Other	6,502,800	225,740	6,728,540	-	-	6,728,540	6,231,792	-	(496,748)	93 %	96 %	-	-	-	5,626,823
Total Expenditure - Standard	333,160,400	(6,455,018)	326,705,382	-	-	326,705,382	284,592,629	-	(42,112,753)	87 %	85 %	-	-	-	310,048,060
Surplus/(Deficit) for the year	(5,873,900)	5,487,334	(386,566)	-	-	(386,566)	23,575,145	-	23,961,711	(6,099)%	(401)%	-	-	-	8,750,528

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix G2

**Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2013**

	2012/2013								2012/2011						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote															
Finance	196,492,500	(1,098,554)	195,393,946	-		195,393,946	194,747,426		(646,520)	100 %	99 %				187,016,014
Corporate Services	44,930,300	(10,390)	44,919,910	-		44,919,910	38,676,772		(6,243,138)	86 %	86 %				44,597,202
Community and Developmental Services	776,000	(1,188,500)	(412,500)	-		(412,500)	444,790		857,290	(108)%	57 %				2,236,588
Regional Development and Planning	14,776,300	491,510	15,267,810	-		15,267,810	7,465,432		(7,802,378)	49 %	51 %				8,007,914
Rural and Social Development	81,000	-	81,000	-		81,000	88,202		7,202	109 %	109 %				63,371
Engineering and Infrastructure	14,700,300	(7,032,137)	7,668,163	-		7,668,163	3,673,853		(3,994,310)	48 %	25 %				2,525,552
Agency Roads	55,530,100	7,870,387	63,400,487	-		63,400,487	63,071,300		(329,187)	99 %	114 %				74,351,947
Total Revenue by Vote	327,286,500	(967,684)	326,318,816	-		326,318,816	308,167,775		(18,151,041)	94 %	94 %				318,798,588
Expenditure by Vote to be appropriated															
Finance	17,206,300	(129,020)	17,077,280	-	-	17,077,280	19,080,217	-	2,002,937	112 %	111 %	-	-	-	15,174,550
Corporate Service	76,452,700	(8,801,004)	67,651,696	-	-	67,651,696	66,883,436	-	(768,260)	99 %	87 %	-	-	-	65,561,351
Community and Developmental Services	78,040,050	4,136,970	82,177,020	-	-	82,177,020	75,815,767	-	(6,361,253)	92 %	97 %	-	-	-	86,855,990
Regional Development and Planning	32,781,750	(567,550)	32,214,200	-	-	32,214,200	17,595,695	-	(14,618,505)	55 %	54 %	-	-	-	26,382,194
Rural and Social Development	18,095,600	(888,561)	17,207,039	-	-	17,207,039	15,372,044	-	(1,834,995)	89 %	85 %	-	-	-	5,626,823
Office of the Muncipal Manager	9,094,900	(1,736,449)	7,358,451	-	-	7,358,451	7,159,114	-	(199,337)	97 %	79 %	-	-	-	-
Engineering and Infrastructure	45,959,000	(6,014,950)	39,944,050	-	-	39,944,050	22,392,450	-	(17,551,600)	56 %	49 %	-	-	-	41,101,352
Agency Roads	55,530,100	7,545,546	63,075,646	-	-	63,075,646	60,293,906	-	(2,781,740)	96 %	109 %	-	-	-	69,345,800
Total Expenditure by Vote	333,160,400	(6,455,018)	326,705,382	-	-	326,705,382	284,592,629	-	(42,112,753)	87 %	85 %	-	-	-	310,048,060
Surplus/(Deficit) for the year	(5,873,900)	5,487,334	(386,566)	-		(386,566)	23,575,146		23,961,712	(6,099)%	(401)%				8,750,528

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix G3

**Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013**

	2012/2013									2012/2011					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Service charges - other	160,000	-	160,000	-		160,000	287,652		127,652	180 %	180 %				448,365
Rental of facilities and equipment	166,500	(116,100)	50,400	-		50,400	57,560		7,160	114 %	35 %				55,914
Interest earned - external investments	25,000,000	(660,000)	24,340,000	-		24,340,000	24,451,380		111,380	100 %	98 %				24,401,142
Public contributions and donations	350,000	1,350,000	1,700,000	-		1,700,000	1,527,077		(172,923)	90 %	436 %				51,909
Agency services	77,527,500	5,292,577	82,820,077	-		82,820,077	73,799,198		(9,020,879)	89 %	95 %				84,777,337
Transfers recognised - operational	223,005,000	(8,188,637)	214,816,363	-		214,816,363	205,442,616		(9,373,747)	96 %	92 %				207,494,680
Other revenue	1,419,500	2,581,976	4,001,476	-		4,001,476	1,522,512		(2,478,964)	38 %	107 %				1,569,240
Gains on disposal of PPE	-	-	-	-		-	1,079,780		1,079,780	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	327,628,500	259,816	327,888,316	-		327,888,316	308,167,775		(19,720,541)	94 %	94 %				318,798,587
Expenditure By Type															
Employee related costs	146,365,670	1,483,045	147,848,715	-	(1,959,900)	145,888,815	154,900,619	-	9,011,804	106 %	106 %	-	-	-	141,481,996
Remuneration of councillors	10,112,700	(100,774)	10,011,926	-	(10,000)	10,001,926	9,810,611	-	(191,315)	98 %	97 %	-	-	-	9,335,836
Debt impairment	118,500	(118,500)	-		(118,500)	(118,500)	109,932	-	228,432	(93)%	93 %	-	-	-	60,005
Depreciation & asset impairment	14,103,900	(28,300)	14,075,600		-	14,075,600	7,242,864	-	(6,832,736)	51 %	51 %	-	-	-	5,731,625
Finance charges	27,700	(2,600)	25,100	-	(500,000)	(474,900)	22,860	-	497,760	(5)%	83 %	-	-	-	15,310
Repairs and Maintenance	6,255,800	(1,904,992)	4,350,808	-	338,000	4,688,808	16,889,818	-	12,201,010	360 %	270 %	-	-	-	26,018,521
Loss on foreign currency	-	-	-	-	-	-	24,853	-	24,853	DIV/0 %	DIV/0 %	-	-	-	-
Other expenditure	156,173,930	(5,782,897)	150,391,033	-	2,250,400	152,641,433	95,591,072	-	(57,050,361)	63 %	61 %	-	-	-	125,823,794
Loss on disposal of PPE	2,200	-	2,200	-	-	2,200	-	-	(2,200)	- %	- %	-	-	-	1,580,973
Total Expenditure	333,160,400	(6,455,018)	326,705,382	-	-	326,705,382	284,592,629	-	(42,112,753)	87 %	85 %	-	-	-	310,048,060
Surplus/(Deficit)	(5,531,900)	6,714,834	1,182,934	-		1,182,934	23,575,146		22,392,212	1,993 %	(426)%				8,750,527
Surplus/(Deficit) for the year	(5,531,900)	6,714,834	1,182,934	-		1,182,934	23,575,146		22,392,212	1,993 %	(426)%				8,750,527

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix G4

**Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013**

	2012/2013							2012/2011							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Single-year expenditure															
Finance	2,000	-	2,000	-	-	2,000	5,265	-	3,265	263 %	263 %	-	-	-	864,032
Corporate Service	10,000	-	10,000	-	(569,950)	(559,950)	1,710	-	561,660	- %	17 %	-	-	-	2,330,315
Community and Developmental Services	6,335,470	(397,241)	5,938,229	-	-	5,938,229	5,807,287	-	(130,942)	98 %	92 %	-	-	-	3,192,791
Rural and Social Development	17,600	(6,000)	11,600	-	-	11,600	4,815	-	(6,785)	42 %	27 %	-	-	-	8,880
Office of the Municipal Manager	3,900	-	3,900	-	-	3,900	1,379	-	(2,521)	35 %	35 %	-	-	-	-
Council	2,268,050	1,334,582	3,602,632	-	-	3,602,632	2,506,878	-	(1,095,754)	70 %	111 %	-	-	-	43,579
Agency Roads	556,000	63,068	619,068	-	-	619,068	194,364	-	(424,704)	31 %	35 %	-	-	-	237,963
Engineering and Infrastructure	1,909,000	(232,595)	1,676,405	-	569,950	2,246,355	2,195,070	-	(51,285)	98 %	115 %	-	-	-	3,191,627
Capital single-year expenditure sub-total	11,102,020	761,814	11,863,834	-	-	11,863,834	10,716,768	-	(1,147,066)	90 %	97 %	-	-	-	-
Total Capital Expenditure - Vote	11,102,020	761,814	11,863,834	-	-	11,863,834	10,716,768	-	(1,147,066)	90 %	97 %	-	-	-	-

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix G4

**Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013**

	2012/2013									2012/2011					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	2,283,950	1,334,582	3,618,532	-	(569,950)	3,048,582	4,047,721	-	999,139	133 %	177 %	-	-	-	2,241,723
Executive and council	98,800	(27,634)	71,166	-	(569,950)	(498,784)	2,800,816	-	3,299,600	(562)%	2,835 %	-	-	-	30,171
Budget and treasury office	2,000	-	2,000	-	-	2,000	5,265	-	3,265	263 %	263 %	-	-	-	598,198
Corporate services	2,183,150	1,362,216	3,545,366	-	-	3,545,366	1,241,640	-	(2,303,726)	35 %	57 %	-	-	-	1,613,354
Community and public safety	8,262,070	(635,835)	7,626,235	-	569,950	8,196,185	4,881,263	-	(3,314,922)	60 %	59 %	-	-	-	4,426,291
Community and social services	17,600	(6,000)	11,600	-	-	11,600	30,217	-	18,617	260 %	172 %	-	-	-	34,262
Public safety	6,307,700	(397,241)	5,910,459	-	-	5,910,459	4,828,409	-	(1,082,050)	82 %	77 %	-	-	-	2,141,232
Housing	1,909,000	(232,594)	1,676,406	-	569,950	2,246,356	22,637	-	(2,223,719)	1 %	1 %	-	-	-	2,209,669
Health	27,770	-	27,770	-	-	27,770	-	-	(27,770)	- %	- %	-	-	-	41,128
Economic and environmental services	556,000	63,068	619,068	-	-	619,068	1,787,784	-	1,168,716	289 %	322 %	-	-	-	368,073
Road transport	556,000	63,068	619,068	-	-	619,068	1,787,784	-	1,168,716	289 %	322 %	-	-	-	368,073
Total Capital Expenditure - Standard	11,102,020	761,815	11,863,835	-	-	11,863,835	10,716,768	-	(1,147,067)	90 %	97 %	-	-	-	7,036,087
Funded by:															
National Government	-	1,000,000	1,000,000	-		1,000,000	150,000		(850,000)	15 %	DIV/0 %				1,680,534
Provincial Government	556,000	750,211	1,306,211	-		1,306,211	683,365		(622,846)	52 %	123 %				269,410
Transfers recognised - capital	556,000	1,750,211	2,306,211	-		2,306,211	833,365		(1,472,846)	36 %	150 %				1,949,944
Public contributions & donations	-	-	-	-		-	83,600			DIV/0 %	DIV/0 %				-
Internally generated funds	10,546,021	(988,396)	9,557,625	-		9,557,625	9,799,803		242,178	103 %	93 %				5,086,143
Total Capital Funding	11,102,021	761,815	11,863,836	-		11,863,836	10,716,768		(1,147,068)	90 %	97 %				7,036,087

CAPE WINELANDS DISTRICT MUNICIPALITY
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2013

	2012/2013					2012/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Ratepayers and other	65,976,200	5,496,175	71,472,375	71,472,375	77,060,806	5,588,431	108 %	117 %	93,134,952
Government - operating	237,077,900	(5,946,959)	231,130,941	231,130,941	206,969,693	(24,161,248)	90 %	87 %	207,546,589
Interest	25,000,000	(660,000)	24,340,000	24,340,000	24,717,627	377,627	102 %	99 %	24,970,709
Suppliers, employees and other	(386,468,986)	68,237,039	(318,231,947)	(318,231,947)	(266,886,415)	51,345,532	84 %	69 %	(296,367,947)
Finance charges	-	-	-	-	(22,860)	(22,860)	DIV/0 %	DIV/0 %	(15,311)
Net cash flow from/used operating activities	(58,414,886)	67,126,255	8,711,369	8,711,369	41,838,851	33,127,482	480 %	(72)%	29,268,992
Cash flow from investing activities									
Proceeds on disposal of PPE	-	-	-	-	42,653	42,653	DIV/0 %	DIV/0 %	-
Capital assets	(12,102,020)	907,893	(11,194,127)	(11,194,127)	(8,447,164)	2,746,963	75 %	70 %	(7,036,087)
Net cash flow from/used investing activities	(12,102,020)	907,893	(11,194,127)	(11,194,127)	(8,404,511)	2,789,616	75 %	69 %	(7,036,087)
Cash flow from financing activities									
Repayment of borrowing	-	-	-	-	(136,819)	(136,819)	DIV/0 %	DIV/0 %	(162,263)
Net cash flow from/used financing activities	-	-	-	-	(136,819)	(136,819)	DIV/0 %	DIV/0 %	(162,263)
Net increase/(decrease) in cash held	(70,516,906)	68,034,148	(2,482,758)	(2,482,758)	33,297,521	35,780,279	(1,341)%	(47)%	22,070,642
Cash/cash equivalents at the year end:	(70,516,906)	68,034,148	(2,482,758)	(2,482,758)	33,297,521	35,780,279	(1,341)%	(47)%	

APPENDIX H: Summary i.t.o. Procurement Exceptions and Deviations

Summary Report i.t.o. Procurement Exceptions & Deviations - Acquisitions made JULY 2012 to June 2013

SUMMARY OF EXCEPTIONS / DEVIATIONS:

PPPPA SEC.2(1)(f)	28 249.20	Preferential Procurement Policy Framework Act, 2000. Sec 2. Framework for implementation of preferential procurement policy.— (1) An organ of state must determine its preferential procurement policy and implement it within the following framework: (f) the contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer;
REG.16(c) WQ -	1 447 908.71	SCM Reg.16. Written or verbal quotations.— A supply chain management policy must stipulate the conditions for the procurement of goods or services through written or verbal quotations, which must include conditions stating— (c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer; (Delegated to the Chief Financial Officer)
REG.17(1)(c) FWPQ -	4 361 743.42	SCM Reg.17. Formal written price quotations.— (1) A supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating— (c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer; (Delegated to the Deputy Director: Finance - To report to the CFO by the 3rd working day of the next month)
DEV-REG.36(1)(a)(i)	27 727.60	SCM Reg.36. Deviation from, and ratification of minor breaches of, procurement processes.— (1) A supply chain management policy may allow the accounting officer— (a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only— (i) in an emergency; (ii) if such goods or services are produced or available from a single provider only; (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and Expenditure incurred where the prescribed legislation were not complied to in all aspects
DEV-REG.36(1)(a)(ii)	2 347 384.38	
DEV-REG.36(1)(a)(v)	2 692 715.00	
EXPENDITURE TO BE APPROVED	46 250.00	
TOTAL:	10 951 978.31	

Procurement Exceptions & Deviations = **4.60%** of expenditure excluding salaries.

SUMMARY BREAKDOWN OF PROCUREMENT PER CATEGORY:

No. Trans.			
7 522	<R2000-NO PROCUREMENT:	5 809 476.90	Acquisitions less than R2,000 - no procurement process is followed for small purchases
1 909	3rd PARTY PAYMENT:	53 274 435.01	Transactions where procurement plays no role - contribution payments / S&Ts / etc.
355	COUNCIL POLICY:	4 254 321.92	Study Bursaries / Sponsorships / Donations / etc.
1	DEV-PPPPA SEC.2(1)(f)	28 249.20	The supplier selected for the contract/tenderer did not score the highest points
636	DEV-REG.36(1)(a)	5 067 826.98	Transactions where no procurement process were followed (Emergencies/Sole Providers/etc.)
129	DWAF: PRE-PROCURED	2 730 208.70	DWAF Contracts where the CWDM did not do the procurement.
63	PAWC: PRE-PROCURED	1 466 208.77	PAWC Contracts where the CWDM did not do the procurement.
174	PETTY CASH:	8 739.02	Mainly small out of pocket refunds
1 714	QUOTATION PROCESS:	19 149 282.93	Acquisitions made in terms of a full quotation process up to R200,000 - minimum three quotes
301	REG.16(c) < 3 WQ	1 447 908.71	Acquisitions where it was not possible to obtain at least three quotations up to R10,000
198	REG.17(1)(c) < 3 FWPQ	4 361 743.42	Acquisitions where it was not possible to obtain at least three quotations between R10,000-R200,000
1 243	SERVICE ACCOUNTS:	8 635 868.44	Contracts with service providers - Telkom / Vodacom / municipal services / copy machines / etc.
10 100	SERVICE PROVIDERS:	12 031 192.27	Payments made in terms of contracts/agreements with long-term service providers
244	STATUTORY PAYMENTS:	21 160 107.86	Prescriptive payments made in terms of legislation - licensing / taxes / membership fees / etc.
68	SUBSCRIPTIONS:	1 511 146.21	Service provider is selected for the specific service and cannot be procured - sole providers
3 890	TENDER PROCESS:	96 943 220.58	Acquisitions made in terms of a full tender process on amounts above R200,000
2	EXPENDITURE TO BE APPROVED	46 250.00	Expenditure incurred where the prescribed legislation were not complied to in all aspects
28 549	SUB-TOTAL:	237 926 186.92	
68	QUOTES: INVEST/POLICY:	752 000 000.00	Investments are made in terms of council policy - Quotes are obtained from A-Rated Banks
28 617	TOTAL:	989 926 186.92	
CAPITAL: Included in Total Procurement		10 420 660.90	

DECLARATIONS IN TERMS OF:-

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

D W WILLIAMS	105.89	BACK PAY WAS PAID OUT TO A FORMER OFFICIAL WHO ARE NOW EMPLOYED IN THE SERVICE OF THE STATE.	NOT PROCUREMENT RELATED	DIRECT PAYMENT	ID CHECK AGAINST PARSAL REVEALED THAT THE PERSON IS NOW WORKING IN THE SERVICE OF THE STATE
JULIANA DANIELS	8 920.00	CLEAN UP PROJECT: LA MOTTE BOSBOUDORP	QUOTATION PROCESS	CLEAN AND GREEN PROJECT	AT THE TIME WHEN THE AWARD WAS MADE THE MUNICIPALITY WAS IN NO POSITION TO CHECK WHETHER THE SUPPLIER IS WORKING IN THE SERVICE OF THE STATE
ISMAIL TOWING	2 280.00	BREAKDOWN SERVICES RENDERED TO RECOVER A VEHICLE	SINGLE QUOTATION OBTAINED	EMERGENCY: VEHICLE RECOVERY	DURING THE ANNUAL RE-REGISTRATION - THE SUPPLIER'S DECLARATION OF INTEREST REVEALED THAT THE OWNER IS A COUNCILLOR AT A LOCAL AUTHORITY
THE VALLEY & MOUNTAINS DEVELOPMENT FOUNDATION	5 000.00	APPLICATION WAS MADE TO THE MUNICIPALITY TO ASSIST THE ORGANISATION WITH A DONATION WHICH WAS GRANTED	NOT PROCUREMENT RELATED	DONATION FROM COUNCIL	IT WAS FOUND THAT ONE OF THE COMMITTEE MEMBERS IS WORKING IN THE SERVICE OF THE STET. THIS IS A NON-PROFITABLE ORGANISATION AND THE RELEVANT PERSON DOES NOT RECEIVE ANY PERSONAL BENEFIT
Z LILA	763.74	BACK PAY WAS PAID OUT TO A FORMER OFFICIAL WHO ARE NOW EMPLOYED IN THE SERVICE OF THE STATE.	NOT PROCUREMENT RELATED	DIRECT PAYMENT	ID CHECK AGAINST PARSAL REVEALED THAT THE PERSON IS NOW WORKING IN THE SERVICE OF THE STATE

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

<u>NAME:</u>	<u>TOTAL AMOUNT:</u>	<u>RELATION:</u>
KLEINPLASIE RESTAURANT The total procurement for the period amounted to:	17 946.00	The owner of the restaurant is the spouse of an official working at Council. The official does not work in the Department: Financial Management Services and has no influence over the SCMU

APPENDIX I: FUTURE COMMITMENTS (CAPITAL)

CONTRACT	SERVICE PROVIDER	CONTRACT VALUE	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	AMOUNT
T2013/506 Wan Design Proposal	Snowball Effect CC	640 299.32	-	-	640 299.32	-	-	640 299.32
TOTAL COMMITMENTS								640 299.32

APPENDIX J : MAYORAL BURSARY FUND 2013

Nr	Name(s)	Surname	Town	Paid Amount	Relatives at CWDM
1	Sandile Sydney	Booyesen	Paarl	R 17 596.75	Not Related
2	Werner Cedrick	Williams	Worcester	R 33 523.85	Not Related
3	Danzal Clinton	King	Paarl	R 40 000.00	Not Related
4	Ashmitha	Laljith	Worcester	R 40 000.00	Not Related
5	Firdoush	Parker	Paarl	R 40 000.00	Not Related
6	Chriswell	Valentine	Ashton	R 40 000.00	Not Related
7	Constance Rosetta	Simon	Worcester	R 9 440.25	Not Related
8	Odwa	Mjezu	Paarl	R 31 325.75	Not Related
9	Tshidi Dingo	Nel	Ashton	R 25 300.95	Not Related
10	Earl Chad	Nel	Ceres	R 26 557.90	Not Related
11	Regina Catherina	Pieterse	Montagu	R 35 000.00	Not Related
12	Phumalani	Sotashe	Stellenbosch	R 13 335.25	Not Related
13	Andries Gerhadus Du Toit	Valentine	Ceres	R 31 681.25	Not Related
14	Andre Jerome	Vlotman	Robertson	R 16 500.00	Not Related
15	Winlynn Latoya	Williams	Paarl	R 13 500.00	Not Related
16	Jean-Claude Desmond	Cupido	Worcester	R 16 000.00	Not Related
17	Christopher	Gertse	Wellington	R 25 640.00	Not Related
18	Aphiwe	Gxilishe	Stellenbosch	R 16 830.23	Not Related
19	Stefan Morne	Jacobs	Wellington	R 27 500.00	Not Related
20	Mujaahid	Khan	Worcester	R 20 000.00	Not Related
21	Ashwill Ian	Klein	Worcester	R 20 565.95	Not Related
22	Leah Thembisani	Dywili	Paarl	R 7 000.00	Not Related
23	Bianca	Jeftha	Worcester	R 11 500.00	Not Related
24	Eric Luthando	Mbambalala	Stellenbosch	R 4 000.00	Not Related
25	Theodore Johan	Phillips	Worcester	R 15 500.00	Not Related
26	Raywin Mark	Eksteen	Robertson	R 32 000.00	Not Related
27	Sibusiso	Gwele	Stellenbosch	R 7 391.35	Not Related
28	Anelisa	Vazana	Paarl	R 9 390.00	Not Related
29	Zimkhitha	Stuurman	Paarl	R 16 340.00	Not Related
30	Monray Lorenzo	Lourens	Robertson	R 21 040.00	Not Related
31	Giselle Tami 71%	Sauls	Stellenbosch	R 27 700.00	Not Related
32	Kelly Ann	Daniels	Robertson	R 40 000.00	Not Related
33	Ashwill	Pedro*	Wolseley	R 40 000.00	Not Related
34	Devonique Hildagard	Olivier	Robertson	R 28 395.40	Not Related

APPENDIX J : MAYORAL BURSARY FUND 2013

Nr	Name(s)	Surname	Town	Paid Amount	Relatives at CWDM
35	Gracia	Nicholls	Worcester	R 25 864.00	Not Related
36	Vernusca Jade	Blankenberg	Franschhoek	R 12 000.00	Not Related
37	Angelique Christelle	Africa	Ceres	R 18 410.00	Not Related
38	Mannel	Bouwer	Strand	R 37 284.40	Related
39	Charney	Anthony	Stellenbosch	R 36 000.00	Related
40	Lourens	Van Schalkwyk	Ceres	R 4 000.00	Related
41	Corvin Hendry	Nicholls	Stellenbosch	R 40 000.00	Related
42	Judy	Philander	Gugulethu	R 34 000.00	Related
43	Diane Lauren	Eland	Worcester	R 14 100.00	Related
44	Bongumsa	Jiya	Ceres	R 10 376.00	Not Related
45	Luyanda	Ndiki	Ceres	R 10 376.00	Not Related
46	Sydwin Steve	Wellman	Wellington	R 31 445.00	Not Related
47	Kirsty Elizabeth	Pedersen	Paarl	R 17 000.00	Not Related
				R 1 091 410.28	

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix K1

June 2013

Actual versus Budget (Statement of Financial Position) for the year ended 30 June 2013

	Current year 2013 Act. Bal. Rand	Current year 2013 Adjusted Budget Rand	Variance Rand	Var	Explanation of Significant Variances in excess of 10% and R10 000.
ASSETS					
Current Assets					
Inventories	2 243 194	1 500 000	743 194	49.5%	Transferred housing from property, plant and equipment to Inventory
Other receivables	6 607 230	4 727 209	1 880 021	39.8%	SALGA membership fees prepayment
Vat receivable	156 033	-	156 033	100.0%	Accounting system error resulted in Output VAT balance
Consumer debtors	537 818	134 379	403 439	300.2%	Fire Fighting contingency previously accounted for on a cash basis, reclassified to Trade Debtors.
Cash and cash equivalents	428 987 329	443 300 000	-14 312 671	-3.2%	
	438 531 604	449 661 588	-11 129 984	-2.5%	
Non-Current Assets					
Property plant and equipment	210 768 686	179 829 497	30 939 189	17.2%	Clean-up of Asset Register
Intangible Assets	943 707	864 032	79 675	9.2%	
	211 712 393	180 693 529	31 018 864	17.2%	

LIABILITIES**Current Liabilities**

					Consideration of the budget under Non-Current Liabilities includes Current liability for the Finance lease obligation. Variance calculation:
Finance lease obligation	84 603	-	84 603	100.0%	174 976 - (84 603 + 84 228) / 174 976.
Trade and other payables from exchange transactions	12 663 848	20 000 000	-7 336 152	-36.7%	Transfer Housing Fund. Reverse MSIG funds withheld Grant funds transferred from exchange to non-exchange transactions. Provision made for TASK Wage Curve
Trade and other payables from non-exchange	10 386 113	-	10 386 113	100.0%	
Retirement benefit obligation	-	-	-	0.0%	Agency services unspent funds disclosed as trade and other payables
Liabilities relating to conditional grants	5 276 773	7 364 983	-2 088 210	-28.4%	Actuarial valuation exceeded budget estimation.
Employee benefits	16 143 192	15 000 000	1 143 192	7.6%	
	44 554 529	42 364 983	2 189 546	5.2%	

Non-Current Liabilities

					Consideration of the budget under Non-Current Liabilities includes Current liability for the Finance lease obligation. Variance calculation:
Finance lease obligation	84 228	174 976	-90 748	-51.9%	174 976 - (84 603 + 84 228) / 174 976.
Employee benefits	140 179 602	121 903 954	18 275 648	15.0%	Actuarial valuation exceeded budget estimation.
	140 263 830	122 078 930	18 184 900	14.9%	

NET ASSETS**Reserves**

Revaluation reserve	102 233 152	113 025 871	-10 792 719	-9.5%	
Accumulated surplus	363 192 486	352 885 333	10 307 153	2.9%	
Total Net Assets	465 425 638	465 911 204	-485 566	-0.1%	

CAPE WINELANDS DISTRICT MUNICIPALITY

Appendix K2

June 2013

Actual versus Budget (Cash Flow Statement) for the year ended 30 June 2013

	Current year 2013 Act. Bal. Rand	Current year 2013 Adjusted Budget Rand	Variance	Rand	Var	Explanation of Significant Variances in excess of 10% and R10 000.
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
Grants	206 969 693	231 130 941	-24 161 248		-10.5%	Grant funds withheld by NT. Transfer payment for Agency service included in budgeted other receipts below.
Interest income	24 717 627	24 340 000	377 627		1.6%	
Other receipts	77 060 806	71 472 375	5 588 431		100.0%	Refer to grants above
	308 748 126	326 943 316	-18 195 190		-5.6%	
Payments						
Employee costs and other cost	-266 909 275	-318 231 947	51 322 672		-16.1%	Projects to be rolled-over
Total receipts	308 748 126	326 943 316	-18 195 190		-5.6%	
Total payments	-266 909 275	-318 231 947	51 322 672		-16.1%	
Net cash flows from operating activities	41 838 851	8 711 369	33 127 482		380.3%	

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	-8 262 444	-11 194 127	2 931 683	-26.2% Clean-up of fixed asset register
Proceeds from sale of property, plant and equipment	42 653	-	42 653	100.0% Influenced by the number of insurance claims, however no provision was made
Purchase of other intangible assets	-184 720	-	-184 720	100.0% Acquisition in new financial year -To be rolled-over
Purchase of heritage assets		-	-	0.0%
Finance costs		-	-	0.0%
Net cash flows from investing activities	-8 404 511	-11 194 127	2 789 616	-24.9%