

Planning by	Reviewed	Performed by	Final review



CAPE WINELANDS DISTRICT MUNICIPALITY
Financial statements
for the year ended 30 June 2014

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

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 BRYUN (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 (Appointed 13/12/2013)
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 (Resigned 20/05/2014)
Cllr. Z.L. GWADA
Cllr. N.D. HANI
Cllr. D.A. HENDRICKSE
Cllr. P. HERADIEN
Cllr. D.B. JANSE
Cllr. X. KALIPA

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

General Information

Cllr. B.J. KRIEGLER
Cllr. P. MARRAN
Cllr. J. MATTHEE
Cllr. C. MCAKO
Cllr. S.J. MEI (Resigned 19/05/2014)
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. M.H. YABO
Cllr. D.D. JOUBERT (Appointed 05/09/2013)
Cllr. A.F. AFRICA (Appointed 12/06/2014)
Cllr. E.S.C. MANEL (Appointed 13/06/2014)

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 2014

Index

Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 11
Accounting policies	12 - 25
Notes to the Financial Statements	26 - 70

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 (Act no. 56 of 2003)

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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 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 2015 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.

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 auditing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors.

The financial statements, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2014.

Accounting Officer
M. Mgajo

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013 Restated*
Assets			
Current Assets			
Inventories	4	5 707 106	2 305 816
Other receivables from exchange transactions	5	8 673 984	6 639 815
Receivables from non-exchange transactions	6	110 904	94 759
VAT receivable	40	1 233 258	574 446
Trade receivables from exchange transactions	7	158 322	537 818
Cash and cash equivalents	8	457 124 055	428 892 570
		473 007 629	439 045 224
Non-Current Assets			
Property, plant and equipment	2	200 627 830	211 253 056
Intangible assets	3	1 012 423	943 707
		201 640 253	212 196 763
Liabilities			
Current Liabilities			
Finance lease liability	11	106 243	84 603
Operating lease liability	28	12 584	-
Trade and other payables from exchange transactions	14	10 950 268	13 011 024
Other payables from non-exchange transactions	15	18 386	9 901 666
Conditional grants	12	7 094 979	5 276 773
Employee benefits	13	21 446 812	18 926 776
		39 629 272	47 200 842
Non-Current Liabilities			
Finance lease liability	11	62 583	84 228
Operating lease liability	28	9 237	13 102
Employee benefits	13	144 346 536	140 179 602
		144 418 356	140 276 932
Revaluation reserve	9	96 039 032	102 236 835
Accumulated surplus		394 561 222	361 527 378
Total Net Assets		490 600 254	463 764 213

* See Note

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	141 794	287 652
Rental of facilities and equipment		76 827	57 560
Income from agency services	19	82 953 703	73 992 135
Other income	20	1 670 158	1 279 841
Finance income	24	27 781 901	24 480 890
Total revenue from exchange transactions		112 624 383	100 098 078
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	17	218 856 712	205 249 679
Public contributions and donations	18	2 611 810	1 527 077
Fines		6 000	-
Total revenue from non-exchange transactions		221 474 522	206 776 756
Total revenue		334 098 905	306 874 834
Expenditure			
Employee related cost	22	(135 758 123)	(154 815 807)
Remuneration of councillors	23	(9 650 794)	(9 046 564)
Depreciation and amortisation	25	(5 884 435)	(7 301 139)
Finance costs	26	(342 574)	(22 860)
Debt impairment	6 & 7	(456 112)	(109 932)
Repairs and maintenance		(26 603 728)	(16 694 841)
General expenses	21	(118 273 989)	(96 233 725)
Loss on foreign currency	35	(19 274)	(24 853)
Total expenditure		(296 989 029)	(284 249 721)
Operating surplus		37 109 876	22 625 113
(Loss) gain on disposal of assets and liabilities		(10 091 608)	1 079 779
Surplus for the year		27 018 268	23 704 892

* See Note

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2012	104 962 805	337 179 265	442 142 070
Changes in net assets			
Surplus for the year	-	23 704 892	23 704 892
Cash utilised (CRR)	-	-	-
Receipts (GGR)	-	665 797	665 797
Prior year adjustment (Note 10 & 45)	3 683	(2 948 762)	(2 945 079)
Transfer to accumulated surplus	(2 729 653)	3 008 466	278 813
Donated assets	-	(82 280)	(82 280)
Total changes	(2 725 970)	24 348 113	21 622 143
Restated* Balance at 01 July 2013	102 236 835	361 527 378	463 764 213
Changes in net assets			
Surplus for the year	-	27 018 268	27 018 268
Transfer to Accumulated surplus	(6 197 803)	6 015 576	(182 227)
Other	(6 197 803)	33 033 844	26 836 041
Balance at 30 June 2014	96 039 032	394 561 222	490 600 254
Note(s)	9	10	

* See Note

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		82 391 955	76 966 050
Grants		222 891 993	206 969 693
Finance income		27 781 901	24 717 627
		<u>333 065 849</u>	<u>308 653 370</u>
Payments			
Employee costs		(129 071 153)	(137 660 390)
Suppliers		(160 406 434)	(119 415 418)
Finance costs		-	(22 857)
Other payments: Remuneration to councillors		(9 650 794)	(9 810 611)
		<u>(299 128 381)</u>	<u>(266 909 276)</u>
Total receipts		333 065 849	308 653 370
Total payments		(299 128 381)	(266 909 276)
Net cash flows from operating activities	29	<u>33 937 468</u>	<u>41 744 094</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(5 441 371)	(8 262 444)
Proceeds from sale of property, plant and equipment	2	-	42 653
Proceeds from sale of assets		34 251	-
Purchase of intangible assets	3	(167 428)	(184 720)
Net cash flows from investing activities		<u>(5 574 548)</u>	<u>(8 404 511)</u>
Cash flows from financing activities			
Finance lease payment		(131 435)	(136 819)
Net increase/(decrease) in cash and cash equivalents		28 231 485	33 202 764
Cash and cash equivalents at the beginning of the year		428 892 570	395 689 808
Cash and cash equivalents at the end of the year	8	<u>457 124 055</u>	<u>428 892 572</u>

* See Note

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

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	Ref. Note 41
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	164 800	-	164 800	141 794	(23 006)	14%
Rental of facilities and equipment	178 800	-	178 800	76 827	(101 973)	57%
Income from agency services	65 996 000	25 043 148	91 039 148	82 953 703	(8 085 445)	8.9%
Other income	2 405 000	(825 947)	1 579 053	1 670 158	91 105	5.8%
Interest received - investment	25 250 000	1 000 000	26 250 000	27 781 901	1 531 901	5.8%
Total revenue from exchange transactions	93 994 600	25 217 201	119 211 801	112 624 383	(6 587 418)	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	228 758 000	(6 970 262)	221 787 738	218 856 712	(2 931 026)	1.3%
Transfer revenue						
Public contributions and donations	2 700 000	20 500	2 720 500	2 611 810	(108 690)	4%
Fines	-	-	-	6 000	6 000	100%
Total revenue from non-exchange transactions	231 458 000	(6 949 762)	224 508 238	221 474 522	(3 033 716)	
'Total revenue from exchange transactions'	93 994 600	25 217 201	119 211 801	112 624 383	(6 587 418)	
'Total revenue from non-exchange transactions'	231 458 000	(6 949 762)	224 508 238	221 474 522	(3 033 716)	
Total revenue	325 452 600	18 267 439	343 720 039	334 098 905	(9 621 134)	
Expenditure						
Employee related cost	(143 559 000)	(8 728 212)	(152 287 212)	(135 758 123)	16 529 089	10.9%
Remuneration of councillors	(11 758 000)	48 500	(11 709 500)	(9 650 794)	2 058 706	17.6%
Depreciation and amortisation	(8 816 000)	288 100	(8 527 900)	(5 884 435)	2 643 465	31%
Finance costs	(29 500)	-	(29 500)	(342 574)	(313 074)	1 061.3%
Debt impairment	(122 100)	21 100	(101 000)	(456 112)	(355 112)	351.6%
Repairs and maintenance	(13 649 600)	(18 272 532)	(31 922 132)	(26 603 728)	5 318 404	16.7%
General Expenses	(147 357 778)	(3 190 993)	(150 548 771)	(118 293 263)	32 255 508	21.4%
Total expenditure	(325 291 978)	(29 834 037)	(355 126 015)	(296 989 029)	58 136 986	
	325 452 600	18 267 439	343 720 039	334 098 905	(9 621 134)	
	(325 291 978)	(29 834 037)	(355 126 015)	(296 989 029)	58 136 986	
Operating surplus	160 622	(11 566 598)	(11 405 976)	37 109 876	48 515 852	
Loss on disposal of assets and liabilities	(2 400)	(26 200)	(28 600)	(10 091 608)	(10 063 008)	
	160 622	(11 566 598)	(11 405 976)	37 109 876	48 515 852	
	(2 400)	(26 200)	(28 600)	(10 091 608)	(10 063 008)	
Surplus/ (Deficit)	158 222	(11 592 798)	(11 434 576)	27 018 268	38 452 844	
	158 222	(11 592 798)	(11 434 576)	27 018 268	38 452 844	

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

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	Ref. Note 41
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	1 000 000	-	1 000 000	5 707 106	4 707 106	470.7%
Other receivables from exchange transactions	5 200 000	-	5 200 000	8 673 992	3 473 992	66.8%
Receivables from non-exchange transactions	-	-	-	110 904	110 904	58.3%
VAT receivable	-	-	-	1 233 258	1 233 258	17.2%
Trade receivables from exchange transactions	100 000	-	100 000	158 321	58 321	58.3%
Cash and cash equivalents	390 000 000	-	390 000 000	457 124 055	67 124 055	17.2%
	396 300 000	-	396 300 000	473 007 636	76 707 636	
Non-Current Assets						
Property, plant and equipment	227 091 459	-	227 091 459	200 627 830	(26 463 629)	11.7%
Intangible assets	864 032	-	864 032	1 012 423	148 391	17.2%
	227 955 491	-	227 955 491	201 640 253	(26 315 238)	
Total Assets	624 255 491	-	624 255 491	674 647 889	50 392 398	
Liabilities						
Current Liabilities						
Finance lease liability	-	-	-	106 243	106 243	100%
Operating lease liability	-	-	-	12 584	12 584	100%
Trade and other payables from exchange transactions	10 000 000	-	10 000 000	10 950 268	950 268	10%
Other payables from non exchange transactions	-	-	-	18 386	18 386	100%
Unspent conditional grants	5 000 000	-	5 000 000	7 094 979	2 094 979	41.9%
Employee benefits	18 000 000	-	18 000 000	21 446 812	3 446 812	19.1%
	33 000 000	-	33 000 000	39 629 272	6 629 272	
Non-Current Liabilities						
Finance lease liability	150 000	-	150 000	62 583	(87 417)	58.3%
Operating lease liability	-	-	-	9 237	9 237	100%
Employee Benefits	130 000 000	-	130 000 000	144 346 536	14 346 536	11%
	130 150 000	-	130 150 000	144 418 356	14 268 356	
Total Liabilities	163 150 000	-	163 150 000	184 047 628	20 897 628	
Assets	624 255 491	-	624 255 491	674 647 889	50 392 398	
Liabilities	(163 150 000)	-	(163 150 000)	(184 047 628)	(20 897 628)	
Net Assets	461 105 491	-	461 105 491	490 600 261	29 494 770	
Reserves						
Revaluation reserve	112 000 000	-	112 000 000	96 039 032	(15 960 968)	14.1%
Accumulated surplus	349 105 491	-	349 105 491	394 561 229	45 455 738	13.0%
Total Net Assets	461 105 491	-	461 105 491	490 600 261	29 494 770	

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

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	Ref. Note 41
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	80 433 090	-	80 433 090	82 391 955	1 958 865	2.4%
Grants	237 656 050	-	237 656 050	222 891 993	(14 764 057)	6.2%
Interest income	25 250 000	-	25 250 000	27 781 901	2 531 901	8.7%
	343 339 140	-	343 339 140	333 065 849	(10 273 291)	
Payments						
Employee costs	(149 056 309)	10 414 889	(138 641 420)	(129 071 153)	9 570 267	6.9%
Suppliers	(180 096 600)	(17 254 357)	(197 350 957)	(160 406 434)	36 944 523	18.7%
Finance costs	-	(29 500)	(29 500)	-	29 500	100%
Other payments: Remuneration to councillors	(10 844 900)	-	(10 844 900)	(9 650 794)	1 194 106	11%
	(339 997 809)	(6 868 968)	(346 866 777)	(299 128 381)	47 738 396	
Total receipts	343 339 140	-	343 339 140	333 065 849	(10 273 291)	
Total payments	(339 997 809)	(6 868 968)	(346 866 777)	(299 128 381)	47 738 396	
Net cash flows from operating activities	3 341 331	(6 868 968)	(3 527 637)	33 937 468	37 465 105	
Cash flows from investing activities						
Purchase of property, plant and equipment	(6 156 890)	(23 775)	(6 180 665)	(5 441 371)	739 294	12%
Proceeds from sale of assets	-	-	-	34 251	34 251	100%
Purchase of other intangible assets	(160 000)	(958 278)	(1 118 278)	(167 428)	950 850	85%
Net cash flows from investing activities	(6 316 890)	(982 053)	(7 298 943)	(5 574 548)	1 724 395	
Cash flows from financing activities						
Finance lease payments	(29 500)	-	(29 500)	(131 435)	(101 935)	345.5%
Net increase/(decrease) in cash and cash equivalents	(3 005 059)	(7 851 021)	(10 856 080)	28 231 485	39 087 565	
Cash and cash equivalents at the beginning of the year	395 689 809	-	395 689 809	428 892 570	33 202 761	
Cash and cash equivalents at the end of the year	392 684 750	(7 851 021)	384 833 729	457 124 055	72 290 326	

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

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

Where necessary, management has made estimates of the selling price less cost to sell of 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

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

The estimation of the useful lives of assets is based on management's judgement. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality. Any material adjustment to the estimated remaining useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

Determination of the recoverable 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.

During the current financial year, the following accounting standards, interpretations and amendments to published accounting standards were adopted in the current year:

GRAP 25 - Employee benefits;

IGRAP 1 (revised) - Applying the probability test on initial recognition of revenue;

IGRAP 16 - Intangible assets: Website costs;

GRAP 27 (revised) - Agriculture;

GRAP 31 - Intangible assets; and

Amendments to GRAP 1, 3, 7, 9, 12, 13, 16 and 17

These newly adopted standards, interpretations and amendments did not significantly impact the Municipality's financial statements.

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. 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 105: Transfers of Functions Between Entities Under Common Control

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

d) 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.

e) GRAP 107: Mergers

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

f) GRAP 32: Service Concessions Arrangements: Grantor

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

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

g) GRAP 108: Statutory Receivables

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

h) GRAP 5 (revised): Borrowing Costs

The benchmark treatment will be to recognise borrowing cost as an expense.

i) GRAP 100 (revised): Discounted Operations

The amendment requires that non-current assets held for sale no longer be reclassified. Only disclosure will be made in the financial statements relating to the decision to dispose of non-current assets.

j) IGRAP 17: Service Concession Arrangement Where a Grantor Controls a Significant Residual Interest.

The provision of this standard is not currently applicable to the Municipality.

1.1 Going concern assumption

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 Municipality'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 at present sufficient to ensure the sustainability of the Municipality. An alternative source of revenue should be explored to reduce the dependency of the Municipality on National Funds.

According to The Division of Revenue Act sufficient funds will be transferred to the Municipality to which will ensure that the Municipality can continue as a going concern for the foreseeable future.

1.2 Reserves

Internal Reserves

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, these are reflected in the Statement of Financial Performance.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.2 Reserves (continued)

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.

Accumulated surplus reserve

The Municipality's surplus or deficit for the year is accumulated in the accumulated surplus reserve in the Statement of Changes in Net Assets.

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 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 2014

Accounting Policies

1.4 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 Municipality 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 by the Municipality.

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.

1.5 Payables from exchange transactions and non- exchange transactions

Trade and other 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.

1.6 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.

Cash and cash equivalents are initially recognised at fair value plus transaction costs that are directly attributable to the issue of the cash and cost equivalents and are subsequently measured at amortised cost using the effective interest method.

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 the portion of the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.7 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 Municipality's accounting policy for borrowing costs.

1.8 Revenue

Revenue

Revenue consists of 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 Municipality and these benefits can be measured reliably.

a) Revenue from exchange transactions

(i) Income from agency services

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

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

(ii) Interest earned

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

(iii) Rental of facilities and equipment

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

(iv) 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.

(v) 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 Municipality and these benefits can be measured reliably.

b) Revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset are 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 is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

(i) 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.

(ii) 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 Municipality.

(iii) 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.

1.9 Property, plant and equipment

Property, plant and equipment and infrastructure assets are tangible 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 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 are acquired by grant or donation, the cost is considered to be the fair value of the asset at date of acquisition.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.9 Property, plant and equipment (continued)

Subsequent measurement

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

- (i) Plant and equipment – at cost less accumulated depreciation and accumulated impairment losses
- (ii) 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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

The last valuation was performed on 30 June 2012. Revaluations were performed by an independent valuer, S.J. Marais Property Valuers whom is not related 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.

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 (years)
Land	indefinite
Buildings	50 - 60
Vehicles	10 - 20
Infrastructure	50 -60
Other property, plant and equipment	3-30

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

Impairment of non-cash generating assets

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.9 Property, plant and equipment (continued)

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.

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.

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.

1.10 Intangible assets

Initial recognition and measurement

An asset is identifiable as an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the Municipality intends to do so; or
- arises from separable binding arrangements (including rights from contracts), regardless whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

The Municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Estimated useful life (years)
Computer software	5 years

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits 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.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.11 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 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 Municipality has the following registered Heritage Assets:

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

1.12 Changes in accounting policies, estimates and errors

Changes in accounting policies that are affected 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 Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

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

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Municipality restates 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.

1.13 Financial instruments

Initial recognition and measurement

The Municipality's 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, 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:

- Financial assets at amortised cost

Financial assets at amortised cost 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

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.13 Financial instruments (continued)

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 Municipality. The Municipality classifies financial liabilities into the following category:

- Financial liabilities at amortised cost

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 Municipality's obligations are discharged, cancelled or they expire.

1.14 Value - Added Tax

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

1.15 Leases

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

When a lease includes land and building elements, the Municipality 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 life 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.

1.16 Inventories

Inventories consist of unsold properties and consumables.

Initial measurement

Inventories are initially measured at cost. 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.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.16 Inventories (continued)

Subsequent measurement

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

Roads to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Municipality.

Derecognition of unsold properties

The Municipality derecognises unsold low cost housing 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.

1.17 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, the Municipality does not:

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

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

1.18 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.

1.19 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.

The budget covers the period 1 July 2013 to 30 June 2014.

A comparison of actual vs. budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and actual amounts and reasons for variances in excess of 10% and R10 000.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.20 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.

1.21 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.

1.22 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 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 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 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 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.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.22 Employee benefits (continued)

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 Municipality with an actuarial valuation of the 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 Municipality accounts for it in the same way as for any other defined contribution plan.

Long service awards

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service) is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are recognised in the Statement of Financial Performance as they occur.

The calculation is performed annually by a qualified actuary using the projected unit credit method. In measuring the liability the municipality recognises past service cost as an expense in the reporting period in which the benefit are amended.

1.23 Contingent assets and contingent liabilities

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

1.24 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.

1.25 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. Other borrowing costs are charged to the Statement of Financial Performance.

1.26 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 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.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.27 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.

1.28 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.

1.29 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 Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the Statement of Financial Position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- disclosure is required by a specific standard of GRAP.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

2. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	66 873 351	-	66 873 351	71 673 351	-	71 673 351
Buildings	79 863 595	(4 405 480)	75 458 115	83 164 915	(2 174 966)	80 989 949
Infrastructure	1 120 508	(905 533)	214 975	1 120 508	(900 719)	219 789
Other property, plant and equipment	88 434 332	(30 562 539)	57 871 793	86 920 807	(28 722 822)	58 197 985
Other leased assets	768 259	(558 663)	209 596	636 829	(464 847)	171 982
Total	237 060 045	(36 432 215)	200 627 830	243 516 410	(32 263 354)	211 253 056

Included in buildings is Heritage assets with a carrying value of R 8 120 195 that is used as office buildings and is accounted for in accordance with GRAP 17.

Included in Other property, plant and equipment is vehicles with a carrying amount of R 28 830 477 (2013: R29 331 152).

A shaded net included in other assets at the Robertson fire station to the value of R43 326 was damaged due to a windstorm. This event however happened after the reporting date of 30 June 2014.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	71 673 351	-	(4 800 000)	-	-	66 873 351
Buildings	80 989 949	1 161 934	(4 372 219)	-	(2 321 549)	75 458 115
Infrastructure	219 789	-	-	-	(4 814)	214 975
Other property, plant and equipment	58 197 985	4 148 007	(1 108 656)	-	(3 365 543)	57 871 793
Leased assets	171 982	131 430	-	-	(93 816)	209 596
	211 253 056	5 441 371	(10 280 875)	-	(5 785 722)	200 627 830

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	71 673 351	-	-	-	-	71 673 351
Buildings	77 561 995	1 327 592	-	4 275 328	(2 174 966)	80 989 949
Infrastructure	300 075	-	-	-	(80 286)	219 789
Other property, plant and equipment	53 771 555	9 665 421	(1 255 629)	796 945	(4 780 307)	58 197 985
Work in progress	5 072 273	-	-	(5 072 273)	-	-
Leased assets	182 471	82 168	-	-	(92 657)	171 982
	208 561 720	11 075 181	(1 255 629)	-	(7 128 216)	211 253 056

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

3. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 284 532	(272 109)	1 012 423	1 117 103	(173 396)	943 707

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	943 708	167 428	(98 713)	1 012 423

Reconciliation of intangible assets - 2013

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

4. Inventories

Consumable stores	2 110 044	1 925 613
Roads Inventory	3 524 122	307 263
Housing Stock	72 940	72 940
	5 707 106	2 305 816

Consumables valued at R82 089 (2013: R0) was written off and recognised in general expenditure. This stock was found to be obsolete during the year end stock count. Inventory valued at R 6 186 696.07 (2013: R6 400 280) was recognised in general expenditure during the year.

5. Other receivables from exchange transactions

Deposits	255 000	255 000
Prepayments	2 091 821	1 415 571
Klasvoogs land owners association	170 000	-
Other miscellaneous	1 522	47 967
Insurance claims	69 208	134 881
Other	53 647	3 075
Accrued interest	5 639 745	4 783 321
Department of Water Affairs	277 234	-
SALGA debtor	115 807	-
	8 673 984	6 639 815

6. Receivables from non-exchange transactions

Other receivables from non-exchange revenue	110 904	203 886
Provision for impairment	-	(109 127)
	110 904	94 759

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
6. Receivables from non-exchange transactions (continued)		
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. 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		
Contribution 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		
Consumers	929 364	1 264 664
National and Provincial	56 175	35 079
	985 539	1 299 743
Less: Allowance for impairment		
Consumers	(827 218)	(761 925)
Net balance		
Consumers	102 147	502 739
National and Provincial	56 175	35 079
	158 322	537 818
Net balance		
Current (0 -30 days)	127 245	107 302
31 - 60 days	2 857	1
61 - 90 days	1 868	27 687
91 - 120 days	23 488	19 316
121 - 365 days	2 863	383 512
	158 321	537 818
Age analysis of trade receivables by customer classification		
Consumers		
Current (0 -30 days)	71 888	72 224
31 - 60 days	3 674	1
61 - 90 days	2 686	27 687
91 - 120 days	24 306	19 316
121 - 365 days	826 810	1 145 436
	929 364	1 264 664
Less: Allowance for impairment	(827 217)	(761 925)
	102 147	502 739
National and provincial government		
Current (0 -30 days)	56 175	35 079

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
7. Trade receivables from exchange transactions (continued)		
Total		
Current (0 -30 days)	128 063	107 302
31 - 60 days	3 674	1
61 - 90 days	2 686	27 687
91 - 120 days	24 306	19 317
121 - 365 days	826 809	1 145 436
	<u>985 538</u>	<u>1 299 743</u>
Less: Allowance for impairment	(827 217)	(761 925)
	<u>158 321</u>	<u>537 818</u>
 Less: Allowance for impairment		
121 - 365 days	(827 218)	(761 925)
 Reconciliation of allowance for impairment		
Balance at beginning of the year	(761 925)	(1 426 784)
Contributions to allowance	(456 112)	(804)
Debt impairment written off against allowance	390 819	665 663
	<u>(827 218)</u>	<u>(761 925)</u>

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 100	3 100
Bank balances	15 120 955	14 889 470
Short-term deposits	442 000 000	414 000 000
	<u>457 124 055</u>	<u>428 892 570</u>

MFMA disclosure in note 30.

9. Revaluation reserve

Opening balance	102 236 835	104 962 805
Prior period error	-	3 683
Transfer to accumulated surplus	(6 197 803)	(2 729 653)
	<u>96 039 032</u>	<u>102 236 835</u>

10. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2014

	Capital replacement reserve	Government grant reserve	Total
Opening balance	68 715 746	3 390 731	72 106 477
Transfer to statement of financial performance	-	(432 727)	(432 727)
Transfers to reserves	-	1 341 275	1 341 275
Cash utilised	(4 005 331)	-	(4 005 331)
Transfers to CRR/ contributions received	10 000 000	-	10 000 000
	<u>74 710 415</u>	<u>4 299 279</u>	<u>79 009 694</u>

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

10. Accumulated surplus (continued)

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 accumulated surplus	(8 856 816)	(490 760)	(9 347 576)
Transfer to reserves	-	1 497 735	1 497 735
Transfers to CRR/ contributions received	3 000 000	-	3 000 000
	68 715 746	3 390 731	72 106 477

Reconciliation of Accumulated surplus

Balance at 1 July 2012	361 527 374	337 179 261
Surplus for the year prior to adjustments	27 018 290	23 575 146
Prior year adjustment profit 2012/2013	-	129 746
Prior year adjustment identified 2012/2013	-	(1 157 591)
Prior year adjustment 2013/2014	-	(1 791 169)
Transfer to Accumulated Surplus	6 015 559	3 008 466
Donated Assets	-	(82 280)
Receipts (GGR)	-	665 797
	394 561 223	361 527 376

11. Finance lease obligation

Finance lease liabilities relate to cellphones with lease terms of 24 months (2013: 24 months). Amounts are paid monthly in arrears and the interest rates are linked to the prime overdraft rate, currently 9% (2013: 8.5%), 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	168 831	223 482
Capitalised lease liability	131 430	82 168
Payments during the year	(131 435)	(136 819)
	168 826	168 831
Payable within one year	(106 243)	(84 603)
Payable after one year	62 583	84 228
Non-current liabilities	62 583	84 228
Current liabilities	106 243	84 603
	168 826	168 831

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Consumer Housing Education	-	21 593
Community Development Workers	70 174	74 915
Integrated transport planning	166 763	-
Water and sanitation	35 560	35 560
Training of housing officials	-	2 159
Public Transport (Provincial)	2 735 965	2 407 018
Provincial Treasury: FMG	300 000	300 000
Non Motorised Transport	1 147 842	647 842
Financial Management Grant	1 078 564	793 115
Unspent public contributions and donations	1 560 111	994 571
	7 094 979	5 276 773

These amounts are invested until utilised.

13. Employee benefits

Short-term employee benefits

Employee benefit accruals	537 039	563 079
Short term portion: Medical aid liability	5 233 500	5 037 684
Staff leave	10 986 049	9 288 870
13th Cheque	3 068 820	2 762 932
Short term: Ex- gratia benefit	403 817	174 534
Short term: Long term service award	1 056 716	699 128
Performance bonus	160 871	400 549
	21 446 812	18 926 776

Other long term employee benefits

Long service award	8 934 559	10 058 920
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Post- employee benefits

Post- retirement medical aid benefits	133 002 936	126 101 599
Ex- gratia benefit	2 409 041	4 019 083
	135 411 977	130 120 682

Current liability	21 446 812	18 926 776
Non - current liability	144 346 536	140 179 602
	165 793 348	159 106 378

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
- Hosmed
- LA Health

Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below.

Active members

Principal members	334	353
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CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013	
13. Employee benefits (continued)			
% Males	67.06%	68%	
% Females	33%	32%	
Average age	43.7	42.5	
Average past service cost	R14.2 million	R12.2 million	
Continuation members			
Principal members	155	161	
% Males	54.83%	57%	
% Females	45%	43%	
Average age	70.3	70	
The amounts recognised in the Statement of Financial Position are:			
Projected benefit obligation	138 236 437	131 139 283	
The obligation in respect of past services has been estimated as follows:			
Active members	62 412 298	56 796 000	
Continuation members	75 824 139	74 343 283	
Net obligation	138 236 437	131 139 283	
The amounts recognised in the Statement of Financial Performance are:			
Current service cost	4 457 567	4 169 227	
Interest cost	10 542 134	9 869 242	
Recognised actuarial (gains)/ losses	(3 045 525)	6 031 714	
Amount charged to Statement of Financial Performance	11 954 176	20 070 183	
The future service cost for the ensuing financial year is estimated to be R4 213 472, whereas the interest cost for the next year is estimated to be R12 035 335.			
Movements in the present value of the defined benefit obligation were as follows			
Opening benefit obligation liability	131 139 283	115 424 985	
Payments to members	(4 857 024)	(4 355 885)	
Charge to Statement of Financial Performance	11 954 177	20 070 183	
Closing benefit liability	138 236 436	131 139 283	
Key actuarial assumptions			
Discount rate	8.87%	8.19%	
Medical inflation rate	8.10%	7.82%	
Change in medical inflation rate			
The effect of 1% movement in the assumed medical inflation rate is as follows:	2014	Change	% change
Increase			
Effect on the aggregate of the current service cost and interest cost			
Effect on the defined benefit obligation	160 885 000	17 890 100	19%
Decrease			
Effect on the aggregate of the current service cost and interest cost			
Effect on the defined benefit obligation	119 873 000	(12 713 500)	-15%
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	143 417 00	15 565 70	4%

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013	
13. Employee benefits (continued)			
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	142 464 00	15 309 10	
		2%	
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	132 679 00	15 919 20	
		6%	
Ex- gratia benefits			
Details of employees eligible for ex-gratia benefits are detailed below.			
Members			
In- service employees eligible for ex- gratia pension	15	26	
In- service employees eligible for lump sum benefit on retirement	17	19	
Eligible former employees receiving ex- gratia pension	4	4	
Eligible spouses receiving ex- gratia pension	6	9	
Average age in years			
In- services employees for ex- gratia pension	53.9	54.3	
In- service employees eligible for lump sum benefit on retirement	53.5	53	
Eligible former employees receiving ex- gratia pension	61.6	61.3	
Eligible spouses receiving ex- gratia pension	79.8	80	
The amount recognised in the Statement of Financial Position are:			
Projected benefit obligation	2 812 858	4 193 617	
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 R252 264.			
Movements in the present value of the defined benefit obligation were as follows:			
Opening benefit obligation	4 193 617	4 369 539	
Payments to members	(178 469)	(180 453)	
Actuarial (Gain)/ Loss	(1 519 102)	(369 065)	
Interest and service cost	316 812	373 596	
Closed benefit obligation	2 812 858	4 193 617	
Key actuarial assumptions			
Discount rate	9.25%	7.71%	
Pension increase rate	7.04%	6.27%	
Salary inflation rate	8.04%	7.52%	
Change in pension increase rate			
	2014	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	343 200	26 388	8%
Effect on the defined benefit obligation	3 096 053	283 195	10%
Decrease			
Effect on the aggregate of the current service cost and interest cost	293 818	(22 994)	-7%
Effect on the defined benefit obligation	2 570 306	(242 552)	-9%

Change in the post- retirement mortality rate

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

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013	
13. Employee benefits (continued)			
Effect on the aggregate of the current service cost and interest cost	327 878	11 066	3%
Effect on the defined benefit obligation	2 889 223	76 365	3%
Change in the average retirement age			
Effect on the aggregate of the current service cost and interest cost	345 015	28 203	9%
Effect on the defined benefit obligation	2 975 120	(162 262)	6%
	3 320 135	(134 059)	15
Long service awards			
Details of employees eligible for long service awards are detailed below.			
Members	434	467	
Average age in years	45	45	
The amounts recognised in the Statement of Financial Position are:			
Projected benefit obligation	9 991 275	10 758 048	
The amounts recognised in the Statement of Financial Performance are:			
Current service cost	699 128	641 497	
Interest cost	729 203	649 675	
Recognised actuarial (gain)/ losses	(872 442)	676 493	
Amount charged to Statement of Financial Performance	555 889	1 967 665	
The future service cost for the ensuing financial year is estimated to be R636 598, whereas the interest cost for the next financial year is estimated to be R757 866.			
Movements in the present value of the benefit obligation were as follows:			
Opening benefit obligation	10 758 048	9 750 213	
Payment to members (benefits vesting)	(1 322 662)	(959 830)	
Actuarial (Gain)/ Loss	(872 442)	676 493	
Interest and service cost charged to Statement of Financial Performance	1 428 331	1 291 172	
Closing benefit obligation	9 991 275	10 758 048	
Key actuarial assumptions			
Discount rate	8.00%	7.26%	
Salary inflation	7.15%	6.76%	
Average retirement age	62	62	
Change in the salary inflation rate			
The effect of a 1% movement in the assumed salary inflation rate is as follows:	2014	Change	% Change
Increase			
Effect on the aggregate of the current service cost and interest cost	1 545 600	117 269	8%
Effect on the defined benefit obligation	10 686 000	694 725	7%
Decrease			
Effect on the aggregate of the current service cost and interest cost	1 324 300	(104 031)	-7%
Effect on the defined benefit obligation	9 366 000	(625 275)	-6%
Change in the average retirement age			
Increase			
Effect on the aggregate of the current service cost and interest cost	1 645 800	217 469	15%
Effect on the defined benefit obligation	11 694 000	1 702 725	17%
Decrease			
Effect on the aggregate of the current service cost and interest cost	1 208 700	(219 631)	-15%
Effect on the defined benefit obligation	8 341 000	(1 650 275)	-17%

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

13. Employee benefits (continued)

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	1 729 900	301 569	21%
Effect on the defined benefit obligation	11 458 000	1 466 725	15%

a) Cape Joint Venture Fund

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 2013 and the funding level was certified at 99.80%% (2012: 105.30%).

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

The Cape Joint Venture 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 2013 the funding level of the share account was 100.2% and the pension account was 105.1%. At the valuation date the municipality had 497 members (Fund: 35 506 members) and nil pensioners (Fund: 742 pensioners) belonging to the fund.

c) SAMWU National Provident Fund

SAMWU National Provident Fund 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 2 455 million on 30 June 2008. 6.49 % of Council's employees are members of this fund. The funding level of the fund was 100 % on 30 June 2008.

d) The Municipal Councillors Pension Fund

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%. A statutory actuarial valuation was performed for the period 1 July 2009 to 30 June 2012. As at 30 June 2012 the funding level excluding reserve accounts was 99.50% (2009: 102.00%). 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.

14. Trade and other payables from exchange transactions

Retention	2 415 057	337 563
DWAF Agency	-	1 650 143
Other payables	132 838	2 139 300
Trade payables	68 307	168 319
Creditor accruals	843 076	780 130
Unclaimed funds	479 142	472 281
Capital grant funding	1 087 498	345 413
Gravel pit deposit (Roads)	1 433 224	-
ACB's	155 544	108
Roads Agency	4 335 582	7 117 767
	10 950 268	13 011 024

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

14. Trade and other payables from exchange transactions (continued)

On 24 April 2014, the Municipal council granted approval to incur short-term debt in terms of Section 45 of the MFMA. This will come into effect through the issuing of a bank guarantee by the Municipality's bankers for R55 000 in respect of the rehabilitation of the two gravel pits as part of the Municipality's Road Agency Agreement with the Provincial Government: Western Cape. The bankers issued the said guarantee on 7 July 2014. Furthermore, this approval will be extended to all other future gravel pits to be approved by the Department of Mineral Resources to the maximum amount of R1 433 224 as received.

15. Trade and other payables from non- exchange transactions

Task wage curve	-	9 498 667
Municipal Systems Improvement Grant - Capital	18 386	402 999
	18 386	9 901 666

16. Service charges

Fire fighting services	141 794	287 652
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17. Government grants and subsidies

Operating grants

Equitable share	14 492 000	6 945 000
Sandhills- Toilet Hire	337 565	462 873
Rsc Levy Replacement grant	199 744 000	193 926 000
Extended Public Works	1 000 000	1 214 000
Public Transport (Provincial)	171 053	92 982
PGWC (Ignite)	41 600	-
Municipal Systems Improvement Grant	600 984	-
Financial Management Grant	964 551	677 431
Training of housing officials	2 159	-
Hermon housing subsidy	-	521 339
Provincial Treasury: FMG	300 000	-
Integrated Transport Planning	437 237	634 654
Consumer Housing Education	21 593	9 631
Community Development Workers	70 341	44 488
	218 183 083	204 528 398

Capital grants

Donated Assets (Health)	-	124 280
MSIG capital	673 629	597 001
	673 629	721 281
	218 856 712	205 249 679

National Treasury compensated the Municipality for the amount of R 4 830 000 in respect of Municipal Infrastructure Grant funding that was withheld and deducted from the 2012/2013 Equitable share allocation. Hence the said amount are accounted for against the 2013/2014 Equitable Share in accordance to the treatment made in 2012/2013.

Unconditional

Included in above are the following unconditional grants and subsidies received:

Equitable share	14 292 000	6 945 000
Sandhills - Toilet Hire	337 565	462 873
Rsc Levy Replacement grant	199 744 000	193 926 000
	214 373 565	201 333 873

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
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17. Government grants and subsidies (continued)

Sandhills - Toilet Hire

Current-year receipts	337 565	462 873
Conditions met - transferred to revenue	(337 565)	(462 873)
	-	-

Strategic Objective: Engineering and Infrastructure.

The subsidy is allocated to the municipality as refund for temporary toilets hired in Sandhills.

RSC Levy Replacement Grant

Current-year receipts	199 744 000	193 926 000
Conditions met - transferred to revenue	(199 744 000)	(193 926 000)
	-	-

Strategic Objective: All strategic objectives.

This grant replaces a source of own revenue previously collected by district municipalities. It is still treated as an own-revenue source in many respects.

Extended Public Works

Current-year receipts	1 000 000	1 214 000
Conditions met - transferred to revenue	(1 000 000)	(1 214 000)
	-	-

Strategic Objective: Engineering and Infrastructure.

This grant incentivise the municipality to expand work creation efforts through the use of labour intensive delivery methods in various identified focus areas, in compliance with the Expanded Public Works Programme Guidelines.

The grant contributed towards increased levels of employment in an areas where unemployment is relatively high as well as providing work experience and gaining expertise through in house training.

Public Transport (Provincial)

Balance unspent at beginning of year	2 407 018	1 500 000
Current-year receipts	500 000	1 000 000
Conditions met - transferred to revenue	(171 053)	(92 982)
	2 735 965	2 407 018

Conditions still to be met - remain liabilities (see note 12).

Strategic Objectives: Engineering and Infrastructure.

To develop, implement and promulgate an impoundment facility in the Drakenstein local municipal area in accordance with the National Land Transport Act, 2009 (Act 5 of 2009).

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
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17. Government grants and subsidies (continued)

PGWC (Ignite)

Current-year receipts	41 600	-
Conditions met - transferred to revenue	(41 600)	-
	<u>-</u>	<u>-</u>

Strategic Objectives: Office of the Municipal Manager.

The subsidy was allocated to the municipality to assist in procuring the Ignite compliance model that was specifically designed to incorporate all relevant local government legislation.

Municipal Systems Improvement Grant

Current-year receipts	600 984	-
Conditions met - transferred to revenue	(600 984)	-
	<u>-</u>	<u>-</u>

Strategic Objectives: Financial Management Services.

This grant assisted the municipality to improve on the performance of its functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.

Financial Management Grant

Balance unspent at beginning of year	793 115	220 546
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(964 551)	(677 431)
	<u>1 078 564</u>	<u>793 115</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objectives: Financial Management Services.

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

This grant was mainly utilised to improve on the municipalities audit outcome, to implement National Treasury's internship program and attaining minimum competencies.

Training of housing officials

Balance unspent at beginning of year	2 159	2 159
Conditions met - transferred to revenue	(2 159)	-
	<u>-</u>	<u>2 159</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objectives: Engineering and Infrastructure.

The municipality provide training to ward councillors and communities in the district area.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
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17. Government grants and subsidies (continued)

Hermon Housing

Current-year receipts	-	521 339
Conditions met - transferred to revenue	-	(521 339)
	-	-

Strategic Objectives: Engineering and Infrastructure.

The subsidy was received in relation to work done on the Hermon project a few years ago. The funds was utilised in the construction of houses and infrastructure.

Provincial Treasury: FMG

Balance unspent at beginning of year	300 000	-
Current-year receipts	300 000	300 000
Conditions met - transferred to revenue	(300 000)	-
	300 000	300 000

Conditions still to be met - remain liabilities (see note 12).

Strategic Objectives: Financial Services.

To provide financial assistance to municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

The municipality utilised the funds to review the Annual Financial Statements as well as assistance with the asset register.

Integrated transport planning

Current-year receipts	604 000	634 654
Conditions met - transferred to revenue	(437 237)	(634 654)
	166 763	-

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Engineering and Infrastructure.

The funds was utilised to review the districts integrated transport policy.

Consumer Housing Education

Balance unspent at beginning of year	21 593	31 224
Conditions met - transferred to revenue	(21 593)	(9 631)
	-	21 593

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Engineering and Infrastructure.

The municipality provide training to ward councillors and communities in the district area.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
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17. Government grants and subsidies (continued)

Community Development Workers

Balance unspent at beginning of year	74 915	(13 597)
Current-year receipts	65 600	133 000
Conditions met - transferred to revenue	(70 341)	(44 488)
	70 174	74 915

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Community Developmental and Planning Services.

To provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.

The funds was used to fund the operational cost of the Community Development Workers.

Water and Sanitation

Balance unspent at beginning of year	35 560	35 560
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Conditions still to be met - remain liabilities (see note 12).

Strategic Objectives: Engineering and Infrastructure.

No funds was utilised during the 2013/2014 financial, but the municipality will review its masterplans in the near future.

Non Motorised Transport

Balance unspent at beginning of year	647 842	767 057
Current-year receipts/(refunds)	500 000	-
Conditions met - transferred to revenue	-	(119 215)
	1 147 842	647 842

Conditions still to be met - remain liabilities (see note 12).

Strategic Objectives: Engineering and Infrastructure.

Funds was recieved from the provincial department to late in the financial year and could not be utilised, However the funds will be utilised to complete a Non- Motorised Transport masterplan.

Donated Assets (Health)

Current-year receipts	-	124 280
Conditions met - transferred to revenue	-	(124 280)
	-	-

Strategic Objective: Community and Developmental Services.

The assets was donated by the department of health for operational use.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
17. Government grants and subsidies (continued)		
MSIG Capital		
Balance unspent at beginning of year	402 998	-
Current-year receipts	289 050	1 000 000
Conditions met - transferred to revenue	(673 629)	(597 002)
Transferred to Trade and other Payables from Non-Exchange	(18 419)	(402 998)
	-	-

Strategic Objectives: Financial Management Services.

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.

18. Public contributions and donations

Nedbank	-	1 000 000
Contributions from Farmers	591 310	342 923
Radiostation road Ceres	-	184 154
Wellness Day donations	20 500	-
Upgrade of Rural Roads (Farmers)	2 000 000	-
	2 611 810	1 527 077

Reconciliation of conditional contributions

Balance unspent at beginning of year	994 571	643 521
Current-year receipts	3 007 350	1 878 127
Conditions met - transferred to revenue	(2 441 810)	(1 527 077)
	1 560 111	994 571

Conditions still to be met - remain liabilities (see note 12)

Strategic Objectives for the Wellness Day Donation is Strategic Support Services. The remainder of the Public Contributions is for Engineering and Infrastructure.

2014

	Balance unspent at beginning of year	Current-year receipts	Conditions met - transferred to revenue	Balance unspent at the end of year
Contribution from Farmers (Electricity)	994 571	798 348	(591 310)	1 201 609
Roadstation road Ceres	-	358 502	-	358 502
Wellness Day donation	-	20 500	(20 500)	-
Upgrade of Rural Roads (Farmers)	-	1 830 000	(2 000 000)	-
	994 571	3 007 350	(2 611 810)	1 560 111

2013

	Balance unspent at beginning of year	Current-year receipts	Conditions met - transferred to revenue	Balance unspent at the end of year
Nedbank	-	1 000 000	(1 000 000)	-
Contribution from Farmers (Electricity)	643 521	1 878 127	(1 527 077)	994 571
Roadstation road Ceres	-	184 154	(184 154)	-
	643 521	3 062 281	(2 711 231)	994 571

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
19. Income from agency services		
Working for water	4 465 087	7 164 720
Roads Agency	78 488 616	66 827 415
	82 953 703	73 992 135
20. Other income		
Brokerage	55 868	61 485
SETA Refund	55 624	498 016
Exhibition income	67 193	88 202
Department of Human Settlement Subsidy	561 134	-
Electricity income (Eerste Begin)	7 707	10 705
RSC Levies recovered	49	41
Salga discount	242 025	102 404
Eskom rebate	-	74 263
Municipal health income	261 269	57 954
Shop steward reimbursement	93 480	-
Miscellaneous roads income	83 494	85 950
Miscellaneous income	242 315	300 821
	1 670 158	1 279 841
21. General expenses		
Accounting fees	53 568	108 862
Advertising	708 049	664 872
Auditors fees (note 27)	3 843 010	2 862 269
Bank charges	72 996	71 523
Cleaning	443 006	430 763
Study bursary fund	1 287 287	1 091 410
Fire breaks	550 543	437 644
Consulting and professional fees	1 618 597	2 604 955
Consumables	393 027	423 388
Entertainment	114 754	75 249
Site Expenditure	151 374	105 721
Flowers	4 839	4 783
Insurance	971 366	831 714
Seta levies	1 165 032	1 142 780
Conferences and seminars	206 827	181 256
Public Participation	102 908	139 726
IT expenses	333 131	297 580
Equipment general items	328 648	302 140
Rentals	485 972	492 965
Stock write off	82 089	-
Levies	36 360	35 813
Magazines, books and periodicals	7 753	-
Medical consumables	1 700	2 854
Motor vehicle expenses	5 712 416	5 446 710
Refreshments	245 291	236 282
Fuel and oil	8 700 845	8 804 521
Placement fees	28 836	7 259
Postage and courier	56 214	40 270
Printing and stationery	1 616 027	1 453 900
Communications	1 385 966	949 639
Protective clothing	27 337	39 732
Projects - Various directorates (See footnote) **	60 441 730	41 312 839
Lisense fees- Radio	25 314	24 789
Security (Guarding of municipal property)	1 176 299	1 324 492
Software expenses	1 205 706	1 142 340
Subscriptions and membership fees	1 376 190	114 860

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
21. General expenses (continued)		
Telephone and fax	3 101 936	2 738 977
Training	1 709 261	2 021 312
Travel - local	2 432 273	2 768 227
Title deed search fees	5 285	-
Exhibitions and events	680 306	707 455
Electricity	2 108 037	1 927 889
Sewerage and waste disposal	234 097	266 970
Water	227 745	228 469
Refuse	60 334	172 736
Uniforms	499 605	768 103
Translation	409 248	390 434
Water/ food samples testing	959 433	866 810
Audit Support	845 662	189 983
Maintenance Contracts	318 602	319 949
Fire fighting special events	5 643 187	6 089 447
Venue expenses	103 095	50 207
Chemicals	269 919	236 485
Other expenses (See footnote)*	2 444 617	2 077 838
Property only	1 237 484	906 665
Reallocation Cost	22 856	299 869
	118 273 989	96 233 725

*** Items included in other expenses**

Emergency Aid	132 572	172 647
Internet kiosks	22 244	67 834
Public functions	215 175	194 308
Program changes mainframe	69 955	60 900
Cash handling	43 716	37 691
Year end function	76 068	43 534
Video/ DVD	33 580	186 948
Women's day celebration	68 524	62 691
Planning: Water and Sanitation	295 900	191 000
Stakeholder workshops	156 100	143 162
Disaster management centre	225 409	109 208
MHS management system	55 380	188 212
Planning: Disaster Management	66 666	-
Task post evaluation	385 938	-
Settlements	-	37 500
Guidance	-	34 710
Website development	66 096	30 270
Stakeholder workshops	10 986	18 344
Trade Union (Imatu)	37 719	47 350
Trade Union (Samwu)	37 703	46 316
Trade Union: Representation	73 879	47 162
Other expenses	371 007	358 051
	2 444 617	2 077 838

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
21. General expenses (continued)		
** Projects - Various directorates		
Accommodation and travel expenses	47 962	462 923
Advertising - local news papers	99 293	87 852
Benevolent fund	141 504	65 652
Community support	970 000	871 600
Computer - accessories	6 265	-
Construction material	1 600	-
Professional fees	2 739 256	3 874 783
Consumables	229 232	394 060
Contractor fees	39 289 918	19 519 841
Donation - Small Farmers	948 737	1 026 609
Educationals	310 318	203 469
Equipment - other	37 347	468 520
Events	4 279 900	2 477 414
Food parcels/hampers	98 694	38 417
Litter bins	-	49 700
Notice boards and signs	40 128	-
Office furniture	-	8 630
Printers	5 278	-
Printing and Publications	427 341	280 159
Project licence fees	310 098	155 000
Promotional clothing	24 762	105 437
Protective clothing	4 808	23 475
Refreshments/ entertainment	134 484	2 478 342
Rental of facilities and equipment	651 775	278 541
School programmes	-	69 257
Security	6 574	-
Seed Funding- Equipment and Assistance	-	991 404
Solar warmwater units	1 916 387	1 505 396
Specialised equipment	329 823	279 655
Telephone	9 375	-
Tourism association development	120 000	149 720
Training	2 708 599	2 622 593
Transport	2 851 809	1 872 114
Travel and subsistence	66 684	133 732
Water/Sanitation-farm	1 537 000	598 000
Wolwekloof electricity	96 779	220 580
	60 441 730	41 312 875

22. Employee related costs

Basic salaries	77 936 942	77 603 149
Bonus	6 496 929	4 071 094
Medical aid - company contributions	8 518 969	8 195 260
UIF	696 410	698 451
WCA	801 449	889 970
Leave	2 850 053	464 559
Student Work	945 890	1 426 380
Operators Allowance	106 712	80 265
Post-employment benefits - Pension - Defined contribution plan	13 717 867	13 419 582
Travel allowance	9 044 777	8 881 379
Overtime payments	3 529 545	3 573 182
Long-service awards	1 428 331	2 874 121
Medical aid current service cost	4 457 568	4 169 227
Actuarial loss/(gain)	(5 437 069)	6 339 142
Task wage agreement	(9 498 668)	3 515 990
Housing benefits and allowances	2 733 035	2 947 035
Severance packages	1 500 221	-
Other allowances	3 838 957	3 916 120

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
22. Employee related costs (continued)		
Future medical aid expenses	10 858 946	10 242 838
Group schemes	1 125 790	1 177 648
Telephone	66 401	72 069
Performance bonus	39 068	258 346
	135 758 123	154 815 807

2014	Long service awards	Ex gratia	PRMA	Total
Current service cost	699 128	-	4 457 568	5 156 696
Interest cost	729 203	316 812	10 542 134	11 588 149
Net actuarial (gains)/ losses recognised	(872 442)	(1 519 102)	(3 045 525)	(5 437 069)
	555 889	(1 202 290)	11 954 177	11 307 776

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
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

Remuneration senior management

2014	Basic	Car Allowance	Performance Bonuses	Contribution to UIF, Medical and Pension Funds	Other	Total
Municipal Manager	903 336	132 500	70 268	215 046	50 000	1 371 150
Chief Financial Officer	489 252	240 000	-	122 533	104 166	955 951
Chief Financial Officer*	-	-	43 531	462	-	43 993
Community and Developmental Service**	-	-	36 451	149	-	36 600
Community Development and Planning Services	657 697	144 833	48 797	153 421	-	1 004 748
Regional Dev.and Planning	48 797	-	-	637	-	49 434
Engineering and Infrs. services	720 854	138 075	30 904	168 632	-	1 058 465
	2 819 936	655 408	229 951	660 880	154 166	4 520 341

* Performance bonus paid to Mr. J.G. Marias - resigned on 18 May 2013.

** Performance bonus for Dr W.Z.C. Mathibela - resigned on 31 March 2013.

2013

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

22. Employee related costs (continued)

	Basic	Car Allowance	Performance Bonuses	Contribution to UIF, Medical and Pension Funds	Other	Total
Municipal Manager	906 988	70 000	66 795	195 856	-	1 239 639
Chief Financial Officer*	683 386	53 500	47 047	141 257	51 680	976 870
Corporate and Strat. services	59 977	8 000	55 662	13 436	27 436	164 511
Community and Dev. services**	634 450	90 000	46 385	8 801	19 597	799 233
Rural and Social Development	719 765	96 000	55 662	161 881	19 597	1 052 905
Regional Dev. and Planning	753 082	76 000	55 662	148 635	27 436	1 060 815
Engineering and Infrastructure Services	432 963	100 000	-	101 560	-	634 523
	4 190 611	493 500	327 213	771 426	145 746	5 928 496

* Mr. J.G. Marias resigned on the 18 May 2013.

** Dr W.Z.C. Mathibela resigned on the 31 March 2013.

23. Remuneration of councillors

2014

	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive mayor	654 250	98 137	72 000	28 068	852 455
Deputy mayor	423 243	94 514	111 752	58 068	687 577
Speaker	455 274	73 047	101 189	57 841	687 351
Other councillors	5 129 672	504 513	1 369 121	420 105	7 423 411
	6 662 439	770 211	1 654 062	564 082	9 650 794

2013

Executive mayor	620 113	93 017	72 000	19 872	805 002
Deputy mayor	404 365	79 140	111 752	49 872	645 129
Speaker	407 582	74 001	100 236	48 775	630 594
Other councillors	4 829 685	477 370	1 385 506	273 278	6 965 839
Subtotal	6 261 745	723 528	1 669 494	391 797	9 046 564
	-	-	-	-	-
	6 261 745	723 528	1 669 494	391 797	9 046 564

24. Finance Income

Interest revenue

Other Interest	27 781 901	24 480 890
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25. Depreciation and amortisation

Property, plant and equipment	5 785 722	7 128 216
Intangible assets	98 713	172 923
	5 884 435	7 301 139

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
26. Finance costs		
Finance leases	12 976	22 860
Interest paid (Roads Agency)	329 598	-
	342 574	22 860
27. Auditors' remuneration		
Fees	3 843 010	2 862 269
28. Operating lease		
Operating leases relate to buildings with lease terms of between one to five years. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.		
Operating lease asset		
Current portion of the straight lining	12 584	-
Non- current portion of the straight lining	9 237	13 102
	21 821	13 102
Up to 1 year	286 141	264 837
2 to 5 years	135 537	421 679
More than 5 years	-	-
	421 678	686 516

The municipality entered into an operating lease for the rental of office facilities. The lease is between LSW Eiendomme BK and the Municipality. The contract is for a 3 (three) year period. The property involved is erf 271, 44 Main Road, Wellington.

The municipality entered into an operating lease for the rental of office accommodation. The lease is between Witzenberg Municipality and the Municipality. The contract is for a 2 (two) year period. The property involved is erf 267, Tulbagh.

The municipality entered into an operating lease for the rental of office accommodation. The lease is between Stellenbosch Municipality and the Municipality. The contract is for a 5 (five) year period. The property involved is situated in Huguenot Street, Franschoek.

The municipality entered into an operating lease for the rental of office accommodation. The lease is between Witzenberg Municipality and the Municipality. The contract is for a 2 (two) year period. The property involved is erf 1, Wolseley.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
29. Cash generated from operations		
Surplus	27 018 268	23 704 892
Adjustments for:		
Depreciation and amortisation	5 884 435	7 301 139
Loss/ (gain) on disposal of assets	10 091 608	(1 079 779)
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)
Net interest receivable adjustment	-	266 246
Unrealised foreign exchange loss/ (profit)	19 274	24 853
Finance leases	12 976	82 168
Operating lease	8 719	-
Proceed on disposal of PPE received in prior years	-	2 292 755
Debt impairment	456 112	109 932
Actuarial loss	-	6 339 142
Inventory write off	82 089	-
Salary accruals	-	5 364 537
Task wage agreement	-	2 775
Future medical aid expenses	-	10 242 838
Medical aid- current service cost	-	4 169 227
Inventories	(3 401 290)	398 284
Other Receivables from exchange	(2 110 784)	587 980
Other receivables from non exchange	(16 145)	-
Decrease in trade and other receivables	-	(26 601)
Other receivables from exchange transactions	-	(1 254 510)
VAT	(658 812)	-
Trade and other payables from exchange transactions	(2 060 756)	-
Trade and other receivables from exchange transactions	-	(11 588 869)
Trade and other payables from non- exchange	(9 498 667)	3 684 052
Receivables from non- exchange transactions	-	200 000
Movement in employee benefit	6 686 970	(9 066 309)
Roads Agency creditor	-	182 240
Conditional grant liability	1 423 471	2 076 706
	33 937 468	41 744 094
30. Short- term deposit		
ABSA - Investment		
Opening balance	91 000 000	72 000 000
Movement for the year	(3 000 000)	19 000 000
	88 000 000	91 000 000
FNB - Investment		
Opening balance	80 000 000	50 000 000
Movement for the year	3 000 000	30 000 000
	83 000 000	80 000 000
INVESTEC - Investment		
Opening balance	72 000 000	83 000 000
Movement for the year	26 000 000	(11 000 000)
	98 000 000	72 000 000
NEDCOR - Investment		
Opening balance	101 000 000	87 000 000
Movement for the year	(1 000 000)	14 000 000
	100 000 000	101 000 000

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
STANDARD BANK - Investment		
Opening balance	70 000 000	93 000 000
Movement for the year	3 000 000	(23 000 000)
	73 000 000	70 000 000
Cheque Account (Primary Bank Account) - ABSA		
Bank statement balance at the beginning of the year	14 984 229	10 686 708
Bank statement balance at the end of the year	15 120 955	14 889 470
Cash on hand	3 100	3 100
Cash and cash equivalents	457 124 055	428 892 570

31. 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 in particular to persons that are evicted and left without any alternative accommodation. The matter was postponed sine die pending settlement negotiations which were ongoing. This matter does not include any amounts claimed. 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's 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 inclusive of costs and if successful, it is unlikely that the cost will be recovered from the plaintiff. The process is currently pending.

(iii) Litigation matter in respect of application for eviction remains pending for the 2013/2014 financial year and there might be a possible settlement - Approximately R20 000.

Contingent assets

The Municipality is still waiting on the outcome of 40 insurance claims that was not concluded at 30 June 2014. The claims are not specific to the 2013/ 2014 financial year.

32. 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 (F.A. Du Raan Groenewald)

Executive Director: Community Development Services (C.V. Schroeder)

Executive Director: Infrastructure Developmental Services (F.A. van Eck)

Acting Senior Manager: Strategic and Support Services (K. Smit)

Ald. C.A. De Bryun (Executive Mayor)

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
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32. Related parties (continued)

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

Cllr. J.J. Abrahams

Cllr. M.B. Appolis

Cllr. M.N. Bushwana (Appointed 13/12/2013)

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 (Resigned 20/05/2014)

Cllr. Z.L. Gwada

Cllr. N.D. Hani

Cllr. D.A. Hendrickse

Cllr. P. Heradien

Cllr. D.B. Janse

Cllr. X. Kalipa

Cllr. B.J. Kriegler

Cllr. P. Marran

Cllr. J. Matthee

Cllr. C. Mcako

Cllr. S.J. Mei (Resigned 19/05/2014)

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

32. Related parties (continued)

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. M.H. Yabo

Cllr. D.D. Joubert (Appointed 05/09/2013)

Cllr. A.F. Africa (Appointed 12/06/2014)

Cllr. E.S.C. Manel (Appointed 13/06/2014)

The salaries and remuneration of key management and councillors is disclosed in note 22 & 23 of the Annual Financial Statements.

The Provincial Government Western Cape provide the necessary funds to the Municipality to maintain, repair, protect and manage the proclaimed Provincial Roads in the area of the Municipality. A functional organogram is agreed to by both parties and funds are made available to maintain the approved organogram; hence partly utilised to fund the Municipality's employee costs responsible for the execution of the roads function.

The Provincial Government Western Cape supply the Municipality with the necessary plant and equipment (yellow fleet and equipment) in order to render the Roads function. The Municipality utilises the said fleet and equipment at no cost however, cost incurred relates to maintenance and fuel.

Related party transactions

Mayoral bursary fund allocations paid to institutions on behalf of beneficiaries

Cllr H Von Schlicht (Hugenote College - 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)	-	-
Opening balance	2 822	-
Solar heating and warmwater	-	8 465
Payment made to municipality	-	(5 643)
Refund	(2 822)	-
	<u>-</u>	<u>2 822</u>

Subsidy for water/ sanitation farm

Cllr JJ Du Plessis (Oude Tol, Tulbach, 1996)	-	15 000
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CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
32. Related parties (continued)		
Mayoral bursary allocations to family of employees		
P.H. van Niekerk	29 650	-
W.M. Neethling	50 000	-
H. Williams	32 000	-
S. Magalela	20 354	-
D. Posthumus	39 052	-
F.J. Africa	20 581	-
K. Eland	26 000	14 100
H.J. Thiart	25 204	-
J. Kruger	23 326	-
T. Solomon	36 312	-
E. Bouwer	-	38 333
L. van Niekerk	15 000	-
M. Anthony	-	36 000
F. Van Schalkwyk	-	2 160
E. Nicholls	-	40 000
E. Philander	-	34 000

33. Change in estimate

Property, plant and equipment

During the year under review the municipality did an assessment on the Property, plant and equipment and Intangible assets useful lives. The assessment led to changes in the estimated useful lives which led to a decrease in the depreciation amount of R 2 177 409. The change in depreciation due to the assessment of the estimated useful life will decrease as assets becomes fully depreciated.

34. Financial instruments

Financial risk management

Liquidity risk

The following are contractual maturities if financial assets and liabilities:

Non- derivatives financial assets - 2014	Carrying Amount	Contractual Cash Flows	Within 1 Year	2 - 5 Years	More than 5 Years
Other receivables from exchange transactions	8 673 984	-	-	-	-
Cash and cash equivalents	457 124 055	-	-	-	-
Receivables from non- exchange transactions	110 904	-	-	-	-
Trade receivables from exchange transactions	158 321	-	-	-	-
	466 067 264	-	-	-	-
Non- derivatives financial liabilities - 2014	Carrying Amount	Contractual Cash Flows	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other payables from exchange transactions	10 950 268	-	-	-	-
Trade and other payables from non - exchange transactions	18 386	-	-	-	-
	10 968 654	-	-	-	-

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

34. Financial instruments (continued)

Credit risk

The carrying amount of receivables and cash and cash equivalents represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets

Other receivables from exchange transactions	8 673 984	6 639 815
Trade receivables from exchange transactions	158 321	537 818
Other receivables from non- exchange transactions	110 904	94 759
	8 943 209	7 272 392

Financial liabilities

Finance lease liability	168 826	168 831
Operating lease liability	21 821	13 102
	190 647	181 933

Refer to note 5,6,7,11 and 28 for detail of the above instruments

Interest rate risk

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

Non-derivative financial assets - 2014

Financial assets	Interest rate at year end	Within 1 Year	2-5 Years	More than 5 years	Column heading
Cash and cash equivalents - Short term investments	6.3%	4 420 000	-	-	-
Cash and cash equivalents - Cash book balances	6.3%	149 842	-	-	-
		4 569 842	-	-	-

Sensitivity analysis.

An increase of 1% in interest rates at 30 June would have increased/(decreased) financial assets and profit or loss by the amounts shown above. A decrease of 1% in interest rates at 30 June would have had the equal but opposite effect on the above financial instruments, on the basis that all other variables remain constant. There were no changes in the Municipality's approach from the prior year.

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 73.31% of the Municipality's revenue. In addition, Provincial Allocations, including the rendering of Agency Services & Public Contributions account for a further 15.30%.

Market risk

It is the risk that changes in market prices, such as foreign currency exchange rates and interest rates will affect the Municipality's projected income.

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

There were no changes in the Municipality's approach to financial risk management from the prior year.

Fair values

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

34. Financial instruments (continued)

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

35. Foreign currency

Unrealised loss on foreign currency transaction	19 274	24 853
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The municipality did not take out foreign exchange forward cover on these transactions.

36. Unauthorised expenditure

Reconciliation of Unauthorised expenditure

Opening balance	2 531 710	-
Unauthorised expenditure current year	-	2 531 710
Approved by Council or condoned	(2 531 710)	-

Unauthorised expenditure awaiting authorisation	-	2 531 710
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The Council Meeting held on 28 January 2014 at Item C. 14.3 resolved that an adjustments budget as contemplated in section 28(2)(g) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(6)(b) of the Municipal Budget and Reporting Regulations, 2008 approved the unauthorised expenditure as anticipated by section 32(2)(a)(i) of the same Act for long service bonuses in the amount of R2,531,710 as a result of different assumptions and methodology used by the appointed service provider as was applied in previous financial years.

37. Fruitless and wasteful expenditure

Reconciliation of Fruitless and wasteful expenditure

Opening balance	50 927	-
Fruitless and wasteful expenditure current year	-	50 927
Credit note received	(13 427)	-
Approved by Council	(37 500)	-

Fruitless and wasteful expenditure awaiting approval	-	50 927
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The above expenditure was in respect of Conradie Inc: Attorneys for the institute of the Blind in a case where the contractor failed to deliver product as per specification. Payment was demanded by the original supplier's attorney. The said expenditure, after investigation by MPAC in terms of Section 32 of the MFMA, was certified at the Council meeting on 3 December 2013 as irrecoverable and written off.

The credit note received was in respect of a penalty raised for a Microsoft licence; hence the fruitless and wasteful expenditure disclosed in the 2012/2013 financial year has been eliminated.

38. Irregular expenditure

Opening balance	9 207 055	218 863
Irregular expenditure awaiting investigation by MPAC	151 477	9 207 055
Amounts established as irrecoverable and written-off	(9 358 532)	(218 863)
Amounts recoverable	-	-
Amounts not recoverable	-	-
Irregular expenditure identified during 2013/2014 audit awaiting MPAC investigation	16 750	-
	16 750	9 207 055

Details of irregular expenditure

Disciplinary steps taken/ criminal proceedings

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
38. 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
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) Service provider - First Technologies. (MPAC.6.6 dated 25 Oct 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
Service Provider - Business Engineering - performed work without proper authorisation. (MPAC.6.6 dated 25 Oct 2013)	Awaiting investigation by Council committee in terms of section 32 of the MFMA.	75 240 -
Non-compliance with Regulation 36(1)(a) of SCM regulations. Incorrectly dealt with in terms of Regulations 16 and 17 of SCM regulations. (MPAC.6.7 dated 3 June 2014) - R 4 760 724. Non-compliance with SCM Reg 17(1)(c) where the Municipality could not obtain three quotations. (MPAC.6.6 dated 3 June 2014) - R 4 361 743.	After investigation by the MPAC in terms of Section 32 of the MFMA certified at the Council meeting, C.14.1.6 on 3 Dec 2013, as irrecoverable and written off.	9 348 -
Supplier - AFROX OXYGEN LTD - Payment made in contravention of regulation 44 (MPAC.6.1 dated 3 June 2014)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting, C.14.1.7 on 27 June 2014, as irrecoverable and written off.	9 122 467 -
Supplier - MEY-FLOWER FUNERAL SERVICES (PTY) LTD - Payment made in contravention of regulation 44 (MPAC.6.2 dated 3 June 2014)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting, C.14.1.1 on 27 June 2014, as irrecoverable and written off.	13 970 -
Supplier - THE HUNTING POT CC - Payment made in contravention of regulation 44 (MPAC.6.3 dated 3 June 2014)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting, C.14.1.2 on 27 June 2014, as irrecoverable and written off.	5 500 -
Supplier - REAKGONA COMMERCIAL AND INDUSTRIAL HYGIENE CC - Payment made in contravention of regulation 44 (MPAC.6.4 dated 3 June 2014)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting, C.14.1.3 on 27 June 2014, as irrecoverable and written off.	32 700 -
Supplier - ELIZMA GOLTZ CC T/A SAFETECH - Payment made in contravention of regulation 44 (MPAC.6.10 dated 3 June 2014)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting, C.14.1.4 on 27 June 2014, as irrecoverable and written off.	18 162 -
Supplier - STEVENRIDGE CC - Payment made in contravention of regulation 18(a) (MPAC.6.5 dated 3 June 2014)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting, C.14.1.10 on 27 June 2014, as irrecoverable and written off.	35 728 -
	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting, C.14.1.5 on 27 June 2014, as irrecoverable and written off.	45 417 -

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

38. Irregular expenditure (continued)

Faulse declaration of interest from official appointed on contract - Director of Entilini Catering and official had relationship with Badela Sizabantu Building	Awaiting investigation by MPAC in terms of Section 32 of MFMA.	16 750	-
Contruccion: Contravention of MSA, Schedule1 sec 5(2) and MSA Schedule 2 sec 5(1)			

39. Reconciliation between budget and statement of financial performance

Reconciliation of variances between budgeted statement and the approved budget.

Income from agency services (Amount as per budget statement)	79 257 370	-
Adminstration fee (Working for Water)	(13 261 350)	-
Amount as per final approved budget	65 996 020	-

The income from agency fee (Working for water) was mapped from Income from exchange to income from non exchange transactions to adhere to the standards of GRAP.

Other Revenue (Amount as per budget statement)	736 800	-
Handling Fee	352 300	-
Administration fee (Working for Water)	1 262 600	-
Seta Refund	(247 200)	-
Telephone income	300 500	-
Amount as per final approved budget	2 405 000	-

Handling fee was remapped to general expenditure and net off against the handling fee charges, which should not be accounted for according to GRAP.

The Income from agency fee (Working for water) was mapped from Income from exchange to income from non exchange transactions to adhere to the standards of GRAP.

Seta refund was mapped from from transfers received to general income.

Telephone income from employees was moved to expenditure. The income was reclassified as an expense and net off against the telephone and faxes expenses.

Total transfers revenue (Amount as per budget statement)	217 949 500	-
Seta Refund	247 200	-
Adminstration fee (Working for Water)	13 261 350	-
Amount as per final approved budget	231 458 050	-

Seta refund was mapped from from transfers to general income.

The Income from agency fee (Working for water) was mapped from Income from exchange to income from non exchange transactions to adhere to the standards of GRAP.

Employee related cost (Amount as per budget statement)	156 607 480	-
Additional km	451 050	-
Future medical liability interest	(9 500 000)	-
Future medical aid liability service cost	(4 000 000)	-
Amount as per final approved budget	143 558 530	-

The additional kilometers was reclassified as general expensese and was previously classified as employee related cost.

The approved budget was approved not taken GRAP 25 into consideration. The line items was remapped to adhere to the standards of GRAP.

Remuneration of councillors (Amount as per budget statement)	11 722 340	-
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CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
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39. Reconciliation between budget and statement of financial performance (continued)

Out of pocket expenses	35 660	-
Amount as per final approved budget	11 758 000	-

Out of Pocket expenses item was classified as remuneration to councillors and was remapped to general expenditure.

General expenses (Amount as per budget statement)	146 379 928	-
Out of pocket expenses	(35 660)	-
Additional km	(451 050)	-
Future medical liability interest	9 500 000	-
Future medical aid liability service cost	4 000 000	-
Administration fee (Working for Water)	1 262 600	-
Handling Fee	352 300	-
Amount as per final approved budget	161 008 118	-

Out of pocket expenses item was classified as remuneration to councillors and was remapped to general expenditure.

The additional kilometers was reclassified as general expenses and was previously classified as employee related cost.

The approved budget was approved not taken GRAP 25 into consideration. The line items was remapped to adhere to the standards of GRAP.

The Income from agency fee (Working for water) was mapped from Income from exchange to income from non exchange transactions to adhere to the standards of GRAP.

Handling fee was remapped to general expenditure and net off against the handling fee charges, which should not be accounted for according to GRAP.

40. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 365 393	1 186 122
Amount paid - current year	(1 262 989)	(1 186 122)
Discount received (7.5%)	(102 404)	-
	-	-

Audit fees

Current year audit fee: Auditor General	3 843 010	2 862 269
Current year audit fee: Audit Committee	53 568	92 068
Amount paid - current year	(3 894 526)	(2 954 337)
	2 052	-

PAYE and UIF

Current year payroll deductions	(19 540 984)	(18 531 476)
Amount paid - current year	19 540 984	18 531 476
	-	-

Pension and Medical Aid Deductions

Current year payroll deductions and council contributions	(36 335 285)	(35 438 946)
Amount paid - current year	36 335 285	35 438 946
	-	-

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand 2014 2013

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

VAT

VAT receivable	1 233 258	574 446
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All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrear with the settlement of their municipal accounts.

Particulars of non-compliance

Section 65(e) of the MFMA determines that the Accounting Officer must take all reasonable steps to ensure that all money owing by the Municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure. The following expenses were paid outside of the prescribed period:

The following resulted in payments not being effected within 30 days of receiving the relevant invoices / statements for the 2013/2014 financial year.

Payments to trade creditors are processed on receipt of statement and four (4) of these creditors did not provide statements as per the norm. However, payments were made on invoice to avoid further delays.

The following resulted in payments not being effected within 30 days of receiving the relevant invoices / statements for the 2012/2013 financial year:

Payments to trade creditors are processed on receipt of statement and eleven (11) of these creditors did not provide statements as per the norm. However, payments were made on invoice to avoid further delays.

Van der Spuy Upholsterers cc - Confirmation of banking details of creditor resulted in delay

Metrofile Cape (Pty) Ltd - Close of office during December holidays resulted in delay

Incident

Four (4) trade creditors - payments not made within 30 days of receiving invoices	10 043	-
Eleven (11) trade creditors - payments not made within 30 days of receiving invoices	-	71 292
Van der Spuy Upholsterers cc	-	695
Metrofile Cape (Pty) Ltd	-	2 442
	10 043	74 429

Section 71(1) of the MFMA stipulates that the Accounting Officer of a Municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and then the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the financial performance for that month and for the financial year up to the end of that month. The Municipal Budget Reporting Regulations (MBRR) further require all municipalities to submit the monthly budget statements in the required format and the content of such reports must comply with the minimum requirements of section 28. of the MBRR as outlined under the section "Schedule C" on page 76 of Government Gazette No.32141. Circular 48 of 2012 distributed by the Provincial Treasury with reference to the above are to strictly issue non-compliance letters if the requirements are not met.

In this regard the Section 71 Report (monthly budget statement/IYM report) for the month ending 31 August 2013 was due on Friday, 13 September 2013 with the below schedules that was outstanding for the Cape Winelands District Municipality: C-Schedule, Financial Management Report and the Quality Certificate.

The C-Schedules were e-mailed to the MFMA website on the due date of 13 September 2013, but due to a problem with the municipality's e-mail server it was released after the due date. As soon as the problem with the e-mail server was discovered the quality certificate was faxed to the relevant Government Institutions, unfortunately the C Schedules could not be faxed due to the size of the document. The Result slip of the fax machine showed a date and time of 12:55 on 13 September 2013. The Finance Management Report was sent to the Mayor and the Municipal Manager in time and was also only submitted to Local Government Finance on 16 September 2013 due to the problem with our e-mail server.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
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40. Additional disclosure in terms of Municipal Finance Management Act (continued)

Corrective actions has been implemented by to monitor the submission of all monthly and quarterly return forms and the checklist needs to be signed off by a senior official. The apparent late submission was caused by circumstances beyond the Municipality's control.

41. Actual operating expenditure versus budgeted operating expenditure

According to the Accounting Policy explanations should be provided in cases where the difference between the Adjustments Budget and the Actual Expenditure exceeds 10%.

Statement of Financial Position

Inventory

The variance is relatively high due to the fact that the Municipality did not make provision for the Roads inventory.

Other receivables from exchange transactions

The transactions originated due to the fact that third parties did not fulfil their obligation to the Municipality.

Receivables from non- exchange transactions

Outstanding cheques at year end was previously not classified as a recievable. Due to a Comaf issued the classification was changed.

VAT receivable

The Municipality did not take the VAT reconciliation into account during the budget process. A comprehensive reconciliation on VAT was only concluded towards the end of the financial year.

Trade receivables from exchange transactions

When the budget was prepared the Municipality was of the opinion that more debtors will settle their accounts during the financial year.

Cash and cash equivalents

A profit of R 27 071 052 was made in the 2013/2014 financial year and this includes non- cash items such as depreciation and provision made for future medical expenses.

Property, plant and equipment

At the time of budget tabling the assets was not fully migrated to the SAMRAS system. This made depreciation predictions difficult to determine. The fact that not all the assets was bought as budgeted for the 2013/2014 financial year led to the further under expenditure.

Intangible assets

After year end it was detected that aquisitions of software was made within the operating budget. The changes was made accordingly and the expenses was allocated to the capital budget.

Finance leases

The Municipality did not account for finance leases in the long term due to anticipated policy changes.

Operating lease

At the time the budget was approved no transactions was recognise as an operating lease.

Trade and other payables from exchange transactions

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand

2014

2013

41. Actual operating expenditure versus budgeted operating expenditure (continued)

The budgeted amount was based on the fact that the Municipality normally receive a transfer from The Department of Public Transport close to financial year end. This was not the case during the 2013/2014 financial year and led to the over budgeting.

Other payables from non- exchange transactions

A reclassification of an item led to the variances. The item was classified differently when the budget was approved.

Conditional grants

The largest portion of the unspent grants is in the Municipality's public transport section. The largest unspent funds were due to the fact that the Municipality and other roll players could not agree to terms with regard to the stand to be utilised used to an impoundment facility.

Employee benefits

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries. The Cape Winelands District Municipality does not have the capacity to determine this amount accurately when the budget is compiled.

Finance leases

The budgeted amount included both long and short term portion of the finance lease.

Operating lease

At the time the budget was approved no transactions was recognise as an operating lease.

Employee benefits

The calculation that is made for the Future Medical Aid Liability is calculated by actuaries. The assumptions used by them is complicated.

Revaluation Reserve

The variance exists due to the depreciation calculation that was not budgeted correctly.

Accumulated Surplus

The variance exists due to the depreciation calculation that was not budgeted correctly.

Statement of Financial Performance

Service charges

Service charges is mainly fire accounts and the fire season was less active in 2013/2014 than in previous years

Rental of facilities and equipment

Rental income was over budgeted. The Municipality expected to rent out buildings, but did not follow through.

Income from agency services

Funds is transfered from Provincial Government only after the municipality has submitted claims. The budget was adjusted in March due to additional funds that was allocated to the municipality.

Other Income

Other income consists mainly of income the Municipality does not have control over, hence cannot be accurately projected.. The income consists of various sources.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand

2014

2013

41. Actual operating expenditure versus budgeted operating expenditure (continued)

Interest received- investment

Interest received was more than anticipated due to the fact that the assumptions used at the time of the budget preparation was not in line with actual at year end.

Government grants and subsidies

Almost all government grants and subsidies as budgeted was received, but not all the revenue could be recognised due to low expenditure patterns.

Public contributions and donations

The Municipality entered into an agreement with a third party with regard to building a road. This agreement had a significant impact on the variance.

Fines

The municipality did not budget for income from fines because of the history with regards to this type of income.

Employee related cost

A provision was made with regards to a lawsuit between Imatu and Salga in excess of R9m. The appeal was denied by the court and the provision was reversed.

Remuneration of councillors

The accounting treatment of re-imbursable mileage costs claimed by councillors was corrected. The travel and subsistence were included in Remuneration to councillors rather than travel and subsistence costs as part of general expenses.

Finance cost

An amount of R329 598 was accounted for as interest paid to The Department of Public Transport. The Municipality did not budget for interest to be paid to the department.

Depreciation and amortisation

At the time of budget tabling the assets was not fully migrated to the SAMRAS system. This made depreciation predictions difficult to determine. The fact that not all the assets was bought as budgeted for the 2013/2014 financial year led to the further under expenditure.

Finance cost

Finance cost is budgeted as part of general expenses. Finance cost forms part of the cellphone expenses which is classified as a finance lease.

Debt Impairment

Council took a decision to hand over fire accounts that was owed in arrears to the Municipality. Past experience has indicated a poor collection of this type of income due to difficulty in establishing where the fire originated.

Repairs and Maintenance

The Municipality received additional funds to maintain the roads from The Department of Public Transport. The transfer took place close to the end of the financial year and all the funds could not be spent.

General Expenses

This expenditure category consists of various items. A large portion of the expenditure is classified as projects which reflected a saving of R9 809 760 at year end.

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand

2014

2013

41. Actual operating expenditure versus budgeted operating expenditure (continued)

Cash Flow Statement

Sale of goods and services

Refer to reasons provided above.

Grants

Refer to reasons provided above.

Interest income

Refer to reasons provided above.

Employee cost

Refer to reasons provided above.

Suppliers

Refer to reasons provided above.

Finance cost

Refer to reasons provided above.

Other payments: Remuneration to councillors

Refer to reasons provided above.

Purchase of property, plant and equipment

Refer to reasons provided above.

Proceeds on sale of assets

The municipality does not budget for proceeds of assets.

Purchase of intangible assets

Refer to reasons provided above.

Finance lease payments

Refer to reasons provided above.

42. 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 (1) (a).

Regulation 26(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

2014	Total	Emergency	Impossible	Impractical	Sole Supplier/ Agent
July	1 167 665	-	18	25	58
August	1 218 398	-	46	28	39
September	1 668 703	-	53	44	63
October	1 646 571	-	76	32	29
November	1 363 246	-	53	43	46

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand			2014	2013	
42. Disclosures in terms of the Municipal Supply Chain Management Regulations - promulgated by Government Gazette 27636 dated 30 May 2005 (continued)					
December	1 678 025	-	44	18	29
January	932 922	-	25	27	60
February	1 549 724	-	46	32	71
March	1 597 750	-	73	23	52
April	922 279	-	57	17	45
May	1 586 396	-	66	16	29
June	758 962	-	22	16	28
	16 090 641	-	579	321	549

2013	Total	Emergency	Impossible	Impractical	Sole Supplier/ Agent
July	612 273	2	25	18	46
August	878 653	-	20	22	27
September	505 215	-	30	29	23
October	1 244 664	1	39	34	28
November	1 162 611	1	49	36	37
December	805 289	-	25	26	30
January	898 906	1	36	36	35
February	1 050 386	-	37	30	51
March	989 858	-	31	36	39
April	684 497	1	35	37	28
May	894 815	-	36	27	14
June	1 153 935	-	16	19	43
	10 881 102	6	379	350	401

Further disclosure in terms of Regulation 45 of the Municipal Supply Chain Management Regulations.

Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in service of the state, or has been in the service of the state in the previous twelve months.

Creditors Name	Relationship	Related to		
AE Human t/a Astra catering	Child	Did not provide particulars	87 445	50 925
AJEE Consulting CC	Spouse	Husband in SA Police Service	32 250	2 400
Aurecon South Africa (Pty) Ltd	Spouse	Various relationships to owner	747 310	803 514
BK enterprises	Spouse	Mrs Kruger Dept of Argri.	11 650	9 150
CE Minnaar t/a Equisite high tea	Son/ daughter in law	C. Roland CWDM	100 313	172 944
Cosmic security and cleaning services	Spouse	Work for Correctional Services	168 475	347 567
Hughie Avontuur Construction Cc	Spouse	Teacher WCED	485 776	-
JC De Wet	Brother/ sister	F van Schalkwyk MHS Ceres	20 820	59 136
J Walters t/a JC travel	Spouse	Work for WCED	50 250	45 000
Kevhec Cc t/a While its day	Spouse	Charlotte Hector NHBRC	3 181	13 545
Kleinplasia restaurant	Spouse	Johan Botha CWDM	17 875	15 946

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand			2014	2013
42. Disclosures in terms of the Municipal Supply Chain Management Regulations - promulgated by Government Gazette 27636 dated 30 May 2005 (continued)				
LS Bushana Taxi services	Parent	L Bushwana Breede Valley Mun.	2 400	-
Lumber & Lawn (Pty) Ltd	Spouse	Wife: Teacher Lochnerhof Primary	6 222	143 536
Lynette Minnaar	Child	Melissa Kafaar CWDM	3 150	1 500
M & N Bakwerke Cc	Brother/ sister	Elmine Niemand CWDM	38 559	99 756
Marian Mecuur	Child	Work at Cederberg Municipality	55 000	55 000
Mas Catering	Spouse	Hawequa prison	98 773	178 626
Siphakame Skills Development Cc	Spouse	Work for Drakenstein Correctional Service	8 758	230 372
Sulaiman Pietersen	Parent	Councillor at Drakenstein Municipality	48 798	-
The Business Zone 932 t/a JLM24 Services	Spouse	Teacher WCED	25 096	48 090
Vallei Auto herstelwerke (Pty) Ltd	Child	Daughter: Johan Mostert	49 001	1 241
VDM busdiens	Child	Son is working for SAPS	169 650	61 000
Witzenberg concrete (Pty) Ltd	Spouse	Teacher WCED	23 100	-
			2 253 852	2 339 248

43. Capital Commitments

Commitments in respect of capital expenditure

Approved and contracted for- Infrastructure	-	-
	-	640 299
	-	640 299

44. Correction of prior period error

Statement of Financial Performance

Assets

Current Assets

	Note	Restated 2013	Correction	2013
Inventories	1	2 305 816	62 622	2 243 194
Other receivables from exchange transactions	2	6 639 815	32 585	6 607 230
Receivables from exchange transactions	2.3	94 756	94 759	-
VAT receivable	3	574 446	418 413	156 033
Trade receivables from exchange transactions		537 818	-	537 818
Cash and cash equivalents	2.3	428 892 570	(94 759)	428 987 329
		439 045 221	513 620	438 531 604

Non-Current Assets

Property, plant and equipment	4	211 253 056	484 370	210 768 686
Intangible assets		943 707	-	943 707

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand		2014	2013
44. Correction of prior period error (continued)		212 196 763	484 370 211 712 393
Liabilities			
Current Assets			
Finance lease liability		84 603	- 84 603
Trade and other payables from exchange transactions	5	13 011 024	347 176 12 663 848
Other payables from non-exchange transactions	5.3	9 901 666	(484 447) 10 386 113
Conditional grants		5 276 773	- 5 276 773
Employee benefits	6	18 926 776	2 783 584 16 143 192
		47 200 842	2 646 313 44 554 529
Non-Current liabilities			
Finance lease liability		84 228	- 84 229
Operating lease liability	7	13 102	13 102 -
Employee benefits		140 179 602	- 140 179 602
		140 276 932	13 102 140 263 831
Total Net Assets			
Revaluation reserve	4.2	102 236 835	3 683 102 233 252
Accumulated surplus	8	361 527 378	(1 665 108) 363 192 486
		463 764 213	(1 661 425) 465 425 738
Statement of Financial Performance			
Revenue			
Revenue from exchange transactions			
Service charges		287 652	- 287 652
Rental of facilities and equipment		57 560	- 57 560
Income from agency services	5.3	73 992 135	192 937 73 799 198
Other income	9	1 279 841	(242 672) 1 522 512
Finance income	2.1	24 480 890	29 509 24 451 381
		100 098 078	(20 226) 100 118 303
Revenue from non-exchange			
Transfer revenue			
Government grant and subsidies	5.3	205 249 679	(192 937) 205 442 616
Public contributions and donations		1 527 077	- 1 527 077
		206 776 756	(192 937) 206 969 693
Expenditure	Note	Restated	Correction
		2013	2013
Employee related cost	10	(154 815 807)	84 812 (154 900 619)
Remuneration of councillors	10	(9 046 564)	764 047 (9 810 611)
Depreciation and amortisation	4	(7 301 139)	(58 275) (7 242 864)
Finance cost		(22 860)	- (22 860)
Debt impairment		(109 932)	- (109 932)
Repairs and maintenance	11	(16 694 841)	194 977 (16 889 818)
General expenditure	12	(96 233 725)	(642 653) (95 591 072)
Loss on foreign currency		(24 853)	- (24 853)
Operating profit	47	22 625 113	129 746 23 575 146
Gain on disposal of assets		1 079 779	- 1 079 779
Surplus for the year		23 704 892	129 746 23 575 146

Note 1

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand	2014	2013
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44. Correction of prior period error (continued)

The adjustment to housing inventory was done as a result of incorrect calculations made in the 2012 financial year. Housing stock was increased by R 62 622. The adjustment affected the Inventories (increase - R62 622) and the Accumulated surplus (increase - R62 622).

Note 2

2.1 The adjustment to Other receivables from exchange transactions was due to the fact that the interest amounting to R29 510 accrued after year-end relating to the prior year on the bank account (current) was never accounted for as interest. The adjustment affected Other Receivables from exchange transactions (increase - R29 510) and Finance income (increase - R29 510).

2.2 Receivables was raised with regards to export certificates amounting to R3 075 (incl VAT) of which the account should have been raised in the prior period. The adjustment affected Other receivables from exchange transactions (increase - R3 075), Other income (increase - R2 697) and VAT receivable (decrease - R378).

2.3 Amounts received after year-end by means of ACB run was incorrectly accounted for as received at year-end. This resulted in the Other receivables from non-exchange transactions amount outstanding being understated and Cash and cash equivalents overstated. The adjustment affected Receivables from non-exchange transactions (increase - R94 759) and Cash and cash equivalents (decrease - R94 759).

Note 3

3.1 Adjustments made in the 2011/2012 financial year on the VAT account was incorrectly not processed on Caseware when the financial statements for 2012/2013 was prepared. This resulted in the balances carried forward not tying up to the prior year audited amounts. The adjustment affected VAT receivable (increase - R547 343) and Accumulated surplus (increase - R547 343).

3.2 A Payable relating to LHA classified to Trade and other payables from exchange transactions in the prior year was reclassified to VAT receivable based on the nature of the amount. The classification affected VAT receivable (decrease - R158 372) and Trade and other payables from exchange transactions (decrease - R158 372).

3.3 Refer to Note 2.2 and Note 5.1 for other adjustments made to the VAT Receivable.

Note 4

4.1 Roads signs utilised by the Roads Division was incorrectly expensed in the past and not recognised as PPE. This was corrected retrospectively. The adjustment affected Other property plant and equipment (increase - R285 605), Accumulated surplus (increase - R174 367), Repairs and maintenance (decrease - R199 849) and depreciation (Increase - R88 611).

4.2 Land incorrectly recognised as buildings were reclassified. The adjustment affected Land (increase - R3 033 351), Buildings (increase - R3 033 351), Revaluation reserve (increase - R3 683), Accumulated depreciation - Buildings (decrease - R30 335), Accumulated surplus (decrease - R3 683) and Depreciation (decrease - R30 335).

4.3 Assets still in use was written down in the 2011/2012 financial year however was found to be still in use and reinstated. The adjustment affected Other property plant and equipment (increase - R168 430) and Accumulated surplus (increase - R168 430).

Note 5

5.1 Corrections was made to Trade and other payables from exchange in the view thereof that not all payables and accruals was correctly recognised during the 2012/2013 financial year. The adjustment affected Trade and other payables from exchange transactions (increase - R381 411), General Expenditure (increase - R346 720), Repairs and maintenance (increase - R4 872) and VAT Receivable (increase - R29 820).

5.2 Correction relates to project that was terminated in 2011 due to non performance by the contractor for which the retention was withheld. The retention was however never cleared after project were terminated. The adjustment affected Trade and other payables from exchange (decrease - R360 310) and Accumulated surplus (increase - R360 310).

CAPE WINELANDS DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

Figures in Rand

2014

2013

44. Correction of prior period error (continued)

5.3 Payable for Road Agency was classified as Other payables from non-exchange transactions in the prior financial year based on audit communication received however after a conclusion was reached about the accounting treatment of the Road Agency function it became clear that all amounts relating to the Road Agency Function should be disclosed as from non-exchange transaction. The amounts relating to the Road Agency Function was reclassified from non-exchange to exchange. The adjustment affected Trade and other payables from exchange (increase - R484 447), Other payables from non-exchange (decrease - R484 447), Income from agency services (increase - R192 937) and Government grants and subsidies revenue (decrease - R192 937)

5.4 Refer to Note 3.2 for other adjustments made to the Trade and Other Payables.

Note 6

A provision for 13th cheque bonuses was not provided for in the prior financial year and corrected retrospective. The adjustment affected Employee benefits (increase - R2 783 584), Accumulated surplus (decrease - R3 104 245), Employee related cost (decrease - R337 456) and General expenditure (increase - R16 795).

Note 7

Operating leases were incorrectly not accounted for in the prior financial years and adjusted retrospectively. The adjustment affected Operating leases (increase - R13 102) and General expenditure (increase - R13 102).

Note 8

Refer to Note 1, Note 3.1, Note 4, Note 5.2 and Note 6 for adjustments made to Accumulated Surplus.

Note 9

Telephone reimbursements were incorrectly classified as Other income and reclassified to General expenditure. The adjustment affected Other income (decrease - R245 367) and General expenditure (decrease - R245 367)

Note 10

10.1 The reimbursive mileage costs were incorrectly allocated to Employee related cost and Councillor remuneration. The adjustment affected Employee related cost (decrease - R159 710), Remuneration of councillors (decrease - R764 048) and General expenditure (increase - R923 757).

10.2 Travel and Subsistence was incorrectly classified to General expenditure in the prior financial year. These amounts were reclassified to Employee related cost. The adjustment affected Employee related cost (increase - R412 355) and General expenditure (decrease - R412 355).

Note 11

Refer to Note 4.1 and Note 5.1 for adjustments made to Repairs and maintenance.

Note 12

Refer to Note 5.1, Note 6, Note 7, Note 9 and Note 10 for adjustments made to General expenditure.