WEST COAST DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

General Information

Mayoral committee	Cllr. J H Cleophas (Executive Mayor) Ald. J J Josephus (Deputy Executive Mayor) Cllr. A Kruger (Speaker) Cllr. B J Stanley Cllr. A P Mouton Cllr. W D Loff Cllr. M Koen
Other Councillors	Cllr. J Swart Cllr. R Skei Cllr. J Barnard Cllr. N G Delport Cllr. C H Heyns Ald. E Plaatjies Cllr. M Smit Cllr. C J Snyders Cllr. S R Claassen Cllr. E L Mgingqi Cllr. J J Fransman Ald. N V Mgoqi Cllr. J J Cillie Cllr. S T Vries Ald. N J A Rust Cllr. N S Zatu Cllr. A Sindyamba
Grading of local authority	Grade 4
Auditors	AUDITOR GENERAL Registered Auditors
Bankers	First National Bank 62001436014 First National Bank 53060007920
Credit rating	Long Term : A- Short Term : A1-
Registered office	58 LONG STREET MOORREESBURG 7310
Postal address	P O BOX 242 MOORREESBURG 7310
Telephone	022 - 433 8400
Fax	086 692 6113
Accounting Officer	H F Prins
Chief Finance Officer (CFO)	J Koekemoer

West Coast District Municipality
Annual Financial Statements for the year ended 30 June 2015

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

I AM RESPONSIBLE FOR THE PREPARATION OF THESE ANNUAL FINANCIAL STATEMENTS, WHICH ARE SET OUT ON PAGES 3 TO 94, IN TERMS OF SECTION 126 (1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, AND WHICH I HAVE SIGNED ON BEHALF OF THE MUNICIPALITY. I CERTIFY THAT THE SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS AS DISCLOSED IN NOTE 23 OF THESE ANNUAL FINANCIAL STATEMENTS ARE WITHIN THE UPPER LIMITS OF THE FRAMEWORK AS ENVISAGED IN SECTION 219 OF THE CONSTITUTION, READ WITH THE REMUNERATION OF PUBLIC OFFICE BEARERS ACT AND THE MINISTER OF PROVINCIAL AND LOCAL GOVERNMENT'S DETERMINATION IN ACCORDANCE WITH THIS ACT.

H F Prins	**J Koekemoer**
Municipal Manager - 30 November 2015	**Chief Financial Officer - 30 November 2015**

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 (Restated)
Assets			
Current Assets			
Cash and cash equivalents	7	198 967 183	169 038 492
Trade receivables from exchange transactions	6	9 654 364	7 637 980
Other receivables from exchange transactions	4	5 969 488	11 920 988
Inventories	3	2 452 527	1 967 643
VAT receivable	5	-	704 257
Employee benefit - roads receivable	16	674 000	637 000
		217 717 562	**191 906 360**
Non-Current Assets			
Investment property	8	4 638 703	4 673 357
Property, plant and equipment	9	352 591 918	349 041 108
Intangible assets	10	1 481 197	2 028 918
Employee benefit - roads receivable	16	15 641 000	11 219 000
		374 352 818	**366 962 383**
Total Assets		**592 070 380**	**558 868 743**
Liabilities			
Current Liabilities			
Finance lease obligation	45	870 122	691 205
Trade payables from exchange transactions	11	27 716 805	24 659 821
VAT payable	12	2 155 077	-
Unspent conditional grants and receipts	13	365 969	471 929
Employee benefits	14	7 534 034	7 022 837
Current portion of long-term liabilities	15	14 127 443	12 944 312
		52 769 450	**45 790 104**
Non-Current Liabilities			
Finance lease obligation	45	-	749 958
Medical aid benefits	16	57 826 000	55 449 911
Long service awards	17	6 919 000	6 482 000
Long-term liability	15	72 738 290	86 865 985
		137 483 290	**149 547 854**
Total Liabilities		**190 252 740**	**195 337 958**
Net Assets		**401 817 640**	**363 530 785**
Accumulated surplus	18	401 817 640	363 530 785

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 (Restated)
Revenue			
Revenue from exchange transactions			
Service charges	19	107 439 237	92 630 348
Road services	46	110 516 286	83 874 708
Other revenue	20	6 004 348	4 052 737
Fees earned		403 973	20 000
Resort income	8	3 000 953	2 557 893
Finance Income	48	13 525 870	10 024 930
Total revenue from exchange transactions		**240 890 667**	**193 160 616**
Revenue from non-exchange transactions			
Other revenue	20	1 167 198	1 287 503
Actuarial gains recognised - employee benefits	47	1 854 989	18 854 759
Government grants & subsidies	21	84 418 434	87 872 134
Total revenue from non-exchange transactions		**87 440 621**	**108 014 396**
Total revenue		**328 331 288**	**301 175 012**
Expenditure			
Employee related costs	22	(128 954 991)	(117 936 186)
Remuneration of councillors	23	(5 259 894)	(5 045 400)
Depreciation and amortisation		(12 695 300)	(10 548 006)
Finance costs	25	(10 454 063)	(11 817 657)
Repairs and maintenance	24	(56 094 430)	(32 441 565)
Bulk purchases	26	(10 614 821)	(9 968 999)
Allowance for impairment	49	(360 939)	(483 930)
General expenses	27	(65 121 811)	(66 972 209)
Total expenditure		**(289 556 249)**	**(255 213 952)**
Operating surplus		**38 775 039**	**45 961 060**
Loss on disposal of assets and liabilities		(488 183)	(329 649)
Surplus for the year		**38 286 856**	**45 631 411**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Restated balance at 01 July 2013 as previously reported	**313 010 191**	**313 010 191**
Changes in net assets		
Correction of Error - Finance Lease - (Note 28.10)	(2 162 596)	(2 162 596)
Correction of Error - VAT - (Note 28.10)	86	86
Correction of Error - Property, Plant and Equipment - (Note 28.10)	(706 016)	(706 016)
Correction of Error - Property, Plant and Equipment - (Note 28.3)	(3 992 161)	(3 992 161)
Correction of Error - Property, Plant and Equipment - (Note 28.5)	413 871	413 871
Correction of Error - Employee benefit - roads receivable - (Note 28.11)	11 336 000	11 336 000
Net income (losses) recognised directly in net assets	4 889 184	4 889 184
Surplus for the year	45 631 411	45 631 411
Total recognised income and expenses for the year	50 520 595	50 520 595
Total changes	50 520 595	50 520 595
Balance at 01 July 2014 Restated	**363 530 786**	**363 530 786**
Changes in net assets		
Surplus for the year	38 286 854	38 286 854
Total changes	38 286 854	38 286 854
Balance at 30 June 2015	**401 817 640**	**401 817 640**

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 (Restated)
Cash flows from operating activities			
Receipts			
Cash receipts from rate payers, government and other		210 833 655	203 451 170
Road services		110 516 286	83 874 708
Interest income		13 525 870	9 995 610
		334 875 811	297 321 488
Payments			
Employees costs		(135 282 948)	(135 065 226)
Suppliers		(129 915 823)	(110 411 214)
Finance costs		(10 454 063)	(11 817 657)
		(275 652 834)	(257 294 097)
Net cash flows from operating activities	29	**59 222 977**	**40 027 391**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(16 155 002)	(17 577 334)
Proceeds from sale of property, plant and equipment	9	341 173	-
Purchase of intangible assets	10	-	(65 900)
Proceeds from sale of intangible assets	10	35 149	-
Net cash flows from investing activities		**(15 778 680)**	**(17 643 234)**
Cash flows from financing activities			
Movement in long-term liability		(12 944 565)	(11 861 172)
Finance lease payments		(571 041)	(721 433)
Net cash flows from financing activities		**(13 515 606)**	**(12 582 605)**
Net increase/(decrease) in cash and cash equivalents		**29 928 691**	**9 801 552**
Cash and cash equivalents at the beginning of the year		169 038 492	159 236 940
Cash and cash equivalents at the end of the year	7	**198 967 183**	**169 038 492**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Transfer of functions between entities under common control

Definitions

An acquirer is the municipality that obtains control of the acquiree or transferor.

Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the statement of financial position.

Control is the power to govern the financial and operating policies of another municipality so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an municipality’s objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another municipality.

A transferor is the municipality that relinquishes control of a function.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an municipality‘s objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole municipality. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

1.3 Transfer of functions between entities under common control (continued)

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which municipality to the transaction or event is the transferor(s) and which municipality is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which municipality is the acquirer and which municipality is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

1.3 Transfer of functions between entities under common control (continued)

Assets acquired [transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

Determining what is part of the transfer of functions transaction

Where the municipality and the transferor have a pre-existing relationship before or when negotiations for a transfer of functions began, or where a binding arrangement is entered into during the negotiations that are separate from a transfer of functions, any amounts that are not part of what were transferred in a transfer of functions are identified. This policy only applies to the consideration transferred and the assets acquired and liabilities assumed in a transfer of functions as governed by the terms and conditions of the binding arrangement.

The following factors are considered, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of a transfer or function or whether the transaction is separate:
- the reasons for the transaction
- the timing of the transaction

Effective settlement of a pre-existing relationship between the entity (as acquirer) and transferor in a transfer of functions

A pre-existing relationship between the municipality (as acquirer) and the transferor may be contractual or non-contractual. If a transfer of functions in effect settles a pre-existing relationship, the entity (as acquirer) recognises a gain or loss, measured as follows:
- for a pre-existing non-contractual relationship, fair value.
- for a pre-existing contractual relationship, the lesser of the following:
  - the amount by which the binding arrangement is favourable or unfavourable from the perspective of the municipality (as acquirer) when compared with terms for current market transactions for the same or similar items.
  - the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If the latter is less, the difference is included as part of a transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the municipality (as acquirer) had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

Other criteria for the entity (as acquirer)

The assets acquired and liabilities assumed that qualify for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the transfer date.

Costs that the municipality expects, but which it is not obliged to incur in the future to effect its plan to exit an activity of the transferor or to terminate the employment of, or relocate the transferor's employees, is not accounted for as part of the liabilities at the transfer date. The municipality does not recognise those costs as part of a transfer of functions. Instead, the municipality recognises these costs in its annual financial statements after the transfer has occurred, in accordance with the applicable Standards of GRAP.

Accounting Policies

1.3 Transfer of functions between entities under common control (continued)

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the municipality recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

The consideration paid by the municipality can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the municipality de-recognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the municipality reports in its annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality retrospectively adjust the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The municipality considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The municipality recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

During the measurement period, the municipality recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the municipality revises comparative information for prior periods presented in annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the municipality revises the accounting for a transfer of functions only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Acquisition-related costs

Acquisition-related costs are costs that the municipality incurs to affect the transfer of functions. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities. The entity accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement

The municipality subsequently measure any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.

Accounting Policies

1.3 Transfer of functions between entities under common control (continued)

At the transfer date, the municipality classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The municipality makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the municipality classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

1.4 Mergers

Definitions

Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the statement of financial position.

Combined municipality is a new reporting entity formed from the combination of two or more entities.

Combining entities are the entities that are combined for the mutual sharing of risks and benefits in a merger.

Control is the power to govern the financial and operating policies of another municipality so as to benefit from its activities.

A merger is the establishment of a new combined municipality in which none of the former entities obtain control over any other and no acquirer can be identified.

Merger date is the date on which entities are combined for the mutual sharing of risks and benefits and when the assets and liabilities are transferred to the combined municipality.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another municipality.

A merger is the establishment of a new combined municipality in which none of the former entities obtains control over any other and no acquirer can be identified. As no acquirer can be identified, a merger does not result in an municipality having or obtaining control over any of the entities that are involved in the transaction or event, as the combining entities are not controlled entities of each other, either before or after the merger.

Identifying the combined entity and combining entities

For each merger a combined municipality and combining entities is identified. All relevant facts and circumstances are considered in identifying the combined municipality and combining municipality.

The binding arrangement usually sets out which entities are to be combined as a result of the merger, and identifies the new reporting municipality after the merger.

Determining the merger date

The combined municipality and the combining entities identify the merger date, which is the date on which the new reporting municipality obtains control of the assets and liabilities and the combining entities loses control of their assets and liabilities.

All relevant facts and circumstances are considered in identifying the merger date.

Accounting Policies

1.4 Mergers (continued)

Assets acquired [transferred] and liabilities assumed [derecognised]

The recognition of assets and liabilities by the entity as combined entity are subject to the following conditions:

The assets and liabilities that qualify for recognition in a merger are part of what had been agreed in terms of the binding arrangement, rather than the result of separate transactions.

Other criteria for the entity (as the combined entity)

The assets and liabilities that quality for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the merger date.

Costs that the entity expects but which the municipality is not obliged to incur in the future to effect its plan to exit an activity of the combining entities or to terminate the employment of, or relocate the combining entities’ employees, is not be accounted for as part of the liabilities at the merger date. The entity does not recognise those costs as part of a merger. Instead, the municipality recognises these costs in its annual financial statements after the merger has occurred, in accordance with the applicable Standards of GRAP.

1.4 Mergers (continued)

Accounting by the entity as the combined entity

Initial recognition and measurement

As of the merger date, the municipality recognises all the assets acquired and liabilities assumed. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the merger, a combining municipality was not applying the accrual basis of accounting, that combining municipality changes its basis of accounting to the accrual basis of accounting prior to the merger.

The difference between the carrying amounts of the assets acquired and the liabilities assumed is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, the municipality reports in its annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality retrospectively adjust the provisional amounts recognised at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the merger date.

The municipality considers all relevant factors in determining whether information obtained after the merger date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the merger date. Relevant factors include the date when additional information is obtained and whether the municipality can identify a reason for a change to provisional amounts.

The municipality recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit.

During the measurement period, the municipality recognises adjustments to the provisional amounts as if the accounting for the merger had been completed at the merger date. Thus, the municipality revises comparative information for prior periods presented in annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the municipality revises the accounting for a merger only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure incurred in relation to the merger

Expenditures incurred in relation to the merger are costs that the entity incurs to effect the merger. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, costs to furnish information to owners of the combining entities, and salaries and other expenses related to services of employees involved in achieving the merger. It also includes costs or losses incurred in combining the assets and liabilities of the combining entities. The municipality accounts for such expenditure as expenses in the period in which the costs are incurred.

Subsequent measurement

The municipality subsequently measures any assets acquired and any liabilities assumed in a merger in accordance with the applicable Standards of GRAP.

At the merger date, the municipality classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The municipality makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, the operating or accounting policies and other relevant conditions as these exist at the merger date. An exception is that the municipality classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the merger date):

Accounting Policies

1.4 Mergers (continued)

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

The annual financial statements of the municipality are prepared using uniform accounting policies for similar transactions and other events or similar circumstances.

Accounting by entity as the combining entity

Assets transferred and liabilities de-recognised

As of the merger date, the municipality as the combining entity transfer and de-recognise from its annual financial statements, all the assets and liabilities de-recognised at their carrying amounts.

Until the merger date, the municipality continues to measure these assets and liabilities in accordance with applicable Standards of GRAP.

The difference between the carrying amounts of the assets transferred and the liabilities de-recognised are recognised in accumulated surplus or deficit.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - beach development	25 to 30

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

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

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Accounting Policies

1.6 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance and are expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment under construction - This cost include all expenditure related directly to specific projects still in progress at period end. Incomplete construction work is stated as historical cost.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	0
Buildings	Straight line	25 to 30
Other Structures (Infrastructure)	Straight line	0 to 100

Accounting Policies

1.6 Property, plant and equipment (continued)

Other	Straight line	2 to 22

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Borrowing costs are treated in accordance with the provisions of GRAP 5 using the allowed alternative treatment. In accordance with these provisions borrowing costs are interest and other costs incurred in connection with the borrowing of money. Borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset are capitalised. Borrowing costs incurred other than on a qualifying asset are recognised as an expense in surplus or deficit when incurred. The amount of borrowing costs capitalised is limited to the actual borrowing costs incurred on the borrowing less any investment income on the temporary investment of the funds borrowed.

Accounting Policies

1.7 Intangible assets

An asset is identifiable if it either:
- 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 entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of 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.

An intangible asset is recognised 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.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Intangible assets	5 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

1.8 Financial instruments (continued)

A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
  - receive cash or another financial asset from another municipality; or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Accounting Policies

1.8 Financial instruments (continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an municipality’s net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an municipality.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.8 Financial instruments (continued)

Classification

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

Class	Category
Other trade receivables from non-exchange transactions	Financial asset measured at fair value
Cash and Cash equivalents	Financial asset measured at fair value
Trade receivables from exchange transactions	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at fair value
Unspent conditional grants and receipts	Financial liability measured at fair value
Long term liabilities	Financial liability measured at amortised cost

Trade and other payables are intially measured at fair value plus transaction costs that are directly attributed to the aquisition and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables are initially recognised at fair value plus transaction cost that directly attributed to the aquisition and subsequently stated at amortised cost, less provision for impairment. This provision is based on a review of all outstanding amounts at year end and is establised when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms. The amount of the provision is the effective interest rate. Bad debts are written off during the year in which they are identified. Subsequent recoveries of amounts proviously written off are credited against the relevent revenue stream in the statement of financial performance.

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

Cash and cash equivalents includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investment in financial instruments, net bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Short-term receivables and payables are not discounted where the initial credit period granted or recieved is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

Accounting Policies

1.8 Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Accounting Policies

1.8 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Value added tax

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

1.10 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 does not transfer substantially all the risks and rewards incidental to ownership.

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality’s net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is 8.5%

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - municipality as lessor

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

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

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

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - municipality as lessee

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

Accounting Policies

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

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

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

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.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

The water levels in the dams are based on cubic meter capacity taking into account the capacity of the dam, based on land surveying reports and the curve of the dam. Readings of water levels are taken at year-end, which is quantified at the above fair value. Water and purified effluent are measured at the lower of purified cost and net realisable value insofar as it is stored and controlled in reservoirs at year-end.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Basis for estimates of future cash flows

In measuring value in use the municipality:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

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 indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Employee benefits

Employee benefits are all forms of consideration given by the municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Accounting Policies

1.14 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.According to the rules of the medical aid funds, with which the municipality are associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% or 40% of the medical aid membership fee, and the municipality for the remaining 70% or 60%. The municipality adopted a policy whereby the age of staff appointed under the new conditions of service would determine their portion of contribution to the medical aid on retirement.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and

Accounting Policies

1.14 Employee benefits (continued)

- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an municipality shall attribute benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies

1.14 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. An Actuarial valuation was performed and a liability was determined as a result of the actuarial valuation. The actuarial valuation will be revised on a annual basis. The valuation was calculated based on the following assumptions : Discounted rate used is the Yield Curve, Health care cost inflation rate is CPI+1% and a net effective discound rates reflects the time value of money by reference to market yields at the reporting date on government bonds.

Accounting Policies

1.14 Employee benefits (continued)

Other post retirement obligations

The municipality has an obligation to provide long-term service allowance benefits to all of it's employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability.

Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expenses or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost
- interest cost
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses
- past service cost; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

The detailed plan includes (as a minimum);
- the location, function, and approximate number of employees whose service are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.14 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.15 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- 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 obligation.

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.15 Provisions (continued)

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

1.16 Revenue recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Revenue from exchange transactions

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

Accounting Policies

1.16 Revenue recognition (continued)

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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

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

Commission for agency services is recognised as per the service level agreement with the municipality. The percentage calculated during a financial year are based on the total funds received from the agent.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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

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

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

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

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

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by debtors.

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are recognised as revenue and as assets when it is probable that the future economic benefits or service potencial will flow to the municipality and the fair value of the assets can be measured reliably.

1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality , and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality . The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

1.18 Borrowing costs (continued)

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.11, 1.12 and 1.13. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures and prior period errors

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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

1.20 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11 (3) of the Municipal Finance Management Act (Act No 56 of 2003), and includes:

Overspending of the total amount appropriated in the municipality's approved budget;
Overspending of the total amount appropriated for a vote in the approved budget;
expenditure from a vote unrelated to the department or functional area covered by the vote;
expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Accounting Policies

1.22 Irregular expenditure (continued)

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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

1.23 Contingencies

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrance of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
- it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilites are not recognised. Contingencies are disclosed in note 41.

1.24 Capital commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised capital commitments, which are disclosed in note 35.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met::
- contracts are non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts relate to something other than the routine, steady, state business of the municipality - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.25 Budget information

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

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The budget for the economic entity includes all the entities approved budgets under its control.

Accounting Policies

1.25 Budget information (continued)

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.27 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liablities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

Accounting Policies

1.28 Critical accounting estimates and judgements

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

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

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

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

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

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

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

1.29 Events after the reporting date

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

Figures in Rand	2015	2014

2. New standards and interpretations not effective

GRAP 18: Segment Reporting

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

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

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

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

The effective date of the standard is for years beginning on or after 01 April 2015.

The impact of the standard is not material.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The impact of the amendment is not material.

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

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The impact of the amendment is not material.

GRAP 107: Mergers

Notes to the Annual Financial Statements

2. New standards and interpretations not effective (continued)

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The impact of the amendment is not material.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity’s annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users’ assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person’s family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Notes to the Annual Financial Statements

2. New standards and interpretations not effective (continued)

The standard elaborates on the definitions and identification of:
- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:
- Control;
- Related party transactions; and
- Remuneration of management

There is no effective date yet for this standard.

The impact of the standard is not material.

IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The impact of the interpretation is not material.

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Notes to the Annual Financial Statements

2. New standards and interpretations not effective (continued)

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE (‘additional consideration’).

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

This Interpretation of the Standards of GRAP deals with the venturer’s accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The impact of the interpretation is not material.

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of ‘minority interest’ has been amended to ‘non-controlling interest’, and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The impact of the amendment is not material.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

Notes to the Annual Financial Statements

2. New standards and interpretations not effective (continued)

The impact of the amendment is not material.

GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The impact of the amendment is not material.

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality has early adopted the standard for the first time when the Minister set the effective date for the standard.

The impact of the standard is not material.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

GRAP109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or agent in undertaking transactions in terms of such an arrangement.

This Standard does not introduce new recognition or measurement requirements to revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be recognised by an agent or principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

The effective date of the standard is not yet set by the Minister of Finance.

Notes to the Annual Financial Statements

2. New standards and interpretations not effective (continued)

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP

The objective of this Directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This Directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this Directive allows an entity, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the entity made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this Directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

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

3. Inventories

Consumable stores	625 937	814 241
Roads	593 333	348 935
Water	1 233 257	804 467
	2 452 527	**1 967 643**

In the current year there was no inventory items was written down.

Inventory pledged as security

No Inventory was pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

4. Other receivables from exchange transactions

Water : Sales	3 649 284	3 423 784
Fire Services : Saldanha and West Coast	442 776	422 761
Other	1 191 787	491 422
Insurance claims	90 966	425 000
Desalination	-	6 428 820
Advance payments : Members fees	964 626	830 185
Net Balance (Allowance for Impairment)	(369 951)	(100 984)
Total other debtors	**5 969 488**	**11 920 988**

Reconcilliation of allowance for impairment

Transferred from trade receivables from exchange transactions	(369 951)	(100 984)

5. VAT receivable

VAT	-	704 257

VAT is payable on a payment basis. Only once payment is recieved from debtors than is VAT paid to SARS.

Reconciliation of VAT accounts

VAT 201 returns as at 30 June	-	1 004 110
VAT not claimed on VAT 201 return	-	586 274
VAT Output	-	(886 127)
	-	**704 257**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

6. Trade receivables from exchange transactions

	2015	2014
Gross balances		
Electricity	50 502	39 463
Water	9 529 415	7 612 819
Sewerage	12 877	7 439
Other	5 958	3 192
Housing rental	111 260	134 834
	9 710 012	**7 797 747**
Less : Allowance for impairment	(55 648)	(159 767)
Net balance		
Electricity	50 502	39 463
Water	9 529 415	7 612 819
Sewerage	12 877	7 439
Other	5 958	3 192
Housing rental	111 260	134 834
Net balance (Allowance for impairment)	(55 648)	(159 767)
Net balance	**9 654 364**	**7 637 980**

Reconciliation of allowance for impairment (including Other Receivables from Exchange)

	2015	2014
Balance at beginning of the year	(260 751)	(428 221)
Contributions to provision	(360 939)	(483 930)
Debt impairment written off against provision	232 701	718 715
Funds recovered	(36 610)	(67 315)
	(425 599)	**(260 751)**

Reconciliation of allowance for impairment between Trade and Other Receivables

	2015	2014
Trade receivables from exchange transactions	55 648	159 767
Other receivables from exchange transactions	369 951	100 984
	425 599	**260 751**

Age analysis per service (net of allowance for impairment)
Service Debtors (Water, Electricity, Sewerage and Other)

	2015	2014
Current (0 -30 days)	9 359 619	7 413 503
31 - 60 days	183 924	177 921
61 - 90 days	37 030	52 838
91 - 120 days	10 103	15 227
121 - 365 days	8 074	3 424
	9 598 750	**7 662 913**

Housing Rental

	2015	2014
Current (0 -30 days)	79 733	84 786
31 - 60 days	22 822	30 631
61 - 90 days	8 155	17 226
91 - 120 days	552	1 838
121 - 365 days	-	353
	111 262	**134 834**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

6. Trade receivables from exchange transactions (continued)

Summary of debtors age analysis

	2015	2014
Trade receivables		
Current (0 -30 days)	9 439 352	7 498 289
31 - 60 days	206 746	208 553
61 - 90 days	45 185	70 064
91 - 120 days	10 655	17 064
121 - 365 days	8 074	3 777
> 365 days	-	-
	9 710 012	7 797 747
Less: Allowance for impairment	(55 648)	(159 767)
	9 654 364	**7 637 980**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015	2014
Cash book balances	7 159 189	7 111 863
Short-term investments	191 807 544	161 926 179
Floats	450	450
Total cash and cash equivalents	**198 967 183**	**169 038 492**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
First National Bank - Current Account	6 438 919	6 617 752	8 672 125	6 440 039	6 620 082	8 672 125
First National Bank - Current Account	739 594	514 384	1 629 790	719 150	491 781	1 350 605
Floats	450	450	450	450	450	450
Short-term investments	191 807 544	161 926 179	149 213 760	191 807 544	161 926 179	149 213 760
Total	**198 986 507**	**169 058 765**	**159 516 125**	**198 967 183**	**169 038 492**	**159 236 940**

Summary of short term investments per different account held

	2015	2014
First National Bank - Call Account	27 428 507	9 151 141
Investec	15 255 719	20 417 863
ABSA Bank	67 568 630	62 942 366
Nedcor	20 411 279	37 702 286
Investec	-	31 712 523
Nedcor	40 351 930	-
Nedcor	20 791 479	-
	191 807 544	**161 926 179**

	2015	2014
Average Rate of return on Investments	6.50%	5.90%

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

8. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Ganzekraal beach development	5 508 050	(869 347)	4 638 703	5 508 050	(834 693)	4 673 357

	2015	2014
Fair value of investment properties	8 881 850	8 881 850

Pledged as security

No properties was pledged as security in current and prior financial year nor restrictions.

The municipality owns a beach developement (Ganzekraal). The property is 2332.6578 hectares and the municipality receives rental income (camping fees). A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Please refer to schedule B of Property, Plant and Equipment for detailed disclosures.

Rental revenue from investment property was R3 000 953 (2014: R2 557 893) as disclosed in the Statement of Financial Performance.

9. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	23 609 718	-	23 609 718	23 609 618	-	23 609 618
Buildings	55 552 275	(17 852 797)	37 699 478	55 551 089	(16 250 289)	39 300 800
Infrastructure	339 045 784	(67 172 954)	271 872 830	330 067 507	(60 967 002)	269 100 505
Other	58 254 250	(38 844 358)	19 409 892	53 166 152	(36 135 967)	17 030 185
Total	**476 462 027**	**(123 870 109)**	**352 591 918**	**462 394 366**	**(113 353 258)**	**349 041 108**

Pledged as security

No properties was pledged as security in current and prior financial year.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Please refer to schedule B of Property, Plant and Equipment for detailed disclosures.

10. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	3 271 757	(1 790 560)	1 481 197	3 410 948	(1 382 030)	2 028 918

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

10. Intangible assets (continued)

Pledged as security

No assets have been pledged as security in the current and previous financial year.

Other information

The municipality acquired intangible assets with finite useful lives of five years. The straight-line method of amortisation will be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. Please refer to schedule B of Property, Plant and Equipment for detailed disclosures.

11. Trade payables from exchange transactions

	2015	2014
Sundry creditors	4 652 641	3 258 287
Payments received in advanced - contract in process	158 116	589 478
Roads payable	13 675 263	6 035 739
Accrued interest	52 790	91 278
Accrued leave pay	7 038 722	6 251 741
Retentions	1 286 162	2 450 091
Trade payables	840 471	5 965 948
Deferred operating lease payments	12 639	17 259
Total	**27 716 804**	**24 659 821**

12. VAT payable

	2015	2014
VAT 201 return as at 30 June	868 097	-
VAT Output payable from debtors	1 286 980	-
	2 155 077	**-**

VAT is payable on the payment basis. Only once payments is received from debtors is VAT paid to SARS.

13. Unspent conditional grants and receipts

See note 21 for detail reconciliation of grants

These amounts are invested and ring-fenced within the municipality's short-term investments until utilised.

Unspent conditional grants and receipts comprices of :	2015	2014
Provincial Management Support Grant	359 787	397 094
Greenest Municipality	-	74 835
Donations Mayor	6 182	-
	365 969	**471 929**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

14. Employee Benefits

Reconciliation of short-term portion of employee benefits - 2015

	Opening Balance	Additions	Benefits paid during the year	Total
Short-term portion of Medical aid Benefits	3 104 000	3 233 000	(3 104 000)	3 233 000
Short-term portion of Long Service Awards	577 000	547 000	(577 000)	547 000
Short-term portion of Performance Bonus	245 865	262 559	(245 865)	262 559
Short-term portion of Bonus	3 095 972	3 680 637	(3 285 134)	3 491 475
	7 022 837	**7 723 196**	**(7 211 999)**	**7 534 034**

Reconciliation of short-term portion of employee benefits - 2014

	Opening Balance	Additions	Benefits paid during the year	Total
Short-term portion of Medical aid Benefits	2 280 000	3 104 000	(2 280 000)	3 104 000
Short-term portion of Long Service Awards	418 000	577 000	(418 000)	577 000
Short-term portion of Performance Bonus	212 803	256 827	(223 765)	245 865
Short-term portion of Bonus	2 914 705	3 076 779	(2 895 512)	3 095 972
	5 825 508	**7 014 606**	**(5 817 277)**	**7 022 837**

The performance bonus represents management's best estimate of the municipality's liability under performance contracts of Sec 57 employees.

The bonus represent management best estimate of the municipality's liability to pay employees thirteeth cheque.

Refer to disclosure note 17 (Long Service Award) and note 16 (Medical Aid Benefit) for detail disclosure.

15. Long term liabilities

	2015	2014
Local Registered Stock Loans	86 865 733	99 810 298
Less : Current portion transferred to current liabilities	(14 127 443)	(12 944 565)
	72 738 290	**86 865 733**

The municipality has a unsecured external loan at the Development Bank of South Africa at a fixed rate of 8.60500%. The redeemable date of the loan is 31 October 2022. The loan is redeemed on a half-yearly basis. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Provisions Department.

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

The municipality has an unsecured external loan at the Development Bank of South Africa at a fixed rate of 10.87%. The redeemable date for the loan is 30 June 2020. The loan is redeemed on a half-yearly basis as at 31 December and 30 June of each financial year. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Provisions Department.

The municipality has an unsecured external loan at ABSA at a fixed rate of 11.73%. The redeemable date for the loan is 31 January 2021. The loan is redeemed on a half-yearly basis as at 31 January and 31 July of each financial year. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Provisions Department.

Refer to Appendix E (1) for more detail on long-term liabilities.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

16. Medical aid benefits

The most recent actuarial valuations of the present value of the obligation were carried out at 30 June 2015 by ZAQ Consultants and Actuaries.

Defined benefit plan	61 059 000	58 553 911

Change in Liability

Opening Balance	55 449 911	71 321 911
Service Cost	1 817 000	3 767 000
Interest Cost	5 182 000	5 088 000
Recognised actuarial (gains) loss	(1 625 359)	(18 854 759)
Benefits Paid	(2 868 552)	(2 768 241)
Current portion transferred to current liability	(129 000)	(3 104 000)
	57 826 000	**55 449 911**

Unrecognised actuarial gains / (losses)		
Corridor Maximum	(1 625 359)	(18 854 759)
New gains / (losses)	1 625 359	18 854 759
	-	-

Net expense recognised in the statement of financial performance

Current service cost	1 817 000	3 767 000
Interest cost	5 182 000	5 088 000
Actuarial (gains) losses	(1 625 359)	(18 854 759)
Total included in employee related costs	**5 373 641**	**(9 999 759)**

Current Portion of Employee benefits

Opening balance	3 104 000	2 280 000
Movement in balance	129 000	3 104 000
Benefits paid	-	(2 280 000)
Closing balance	**3 233 000**	**3 104 000**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

16. Medical aid benefits (continued)

Key assumptions used

Assumptions used at the reporting date: The discount rate used is the Yield Curve and the Medical cost trend rates is CPI+1%.

Discount rates used	- %	8.94 %
Medical cost trend rates	- %	8.05 %

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. There is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve." The municipality used the nominal and real zero curves as at 30 June 2015 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, the Municipality use the prevailing yield at the time of performing the calculations. The methodology was changed from only using one discount rate to a point estimate in order to present a more accurate depiction of the liability.

The medical aid contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) medical aid contribution inflation for each relevant time period. South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almount 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would outstrip general inflation by 1% per annum over the foreseeable future.

The basis used to determine normal retirement age is as follows: The assumption was made that the normal retirement age for all active employees will be 65 and the average retirement age for all active employees to be 63 years. This allows for ill-health and early retirements.

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

The marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

Medical Aid Scheme Arrangements

The Municipality offers employees and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

Contribution Rate Structure

Members contribute according to tables of contribution rates which defferentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

16. Medical aid benefits (continued)

Sensitivity Analysis

The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the municipality will be dependent on actual future levels of assumed variables. In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liability using the following assumptions.

Mortality rate - Deviations from the assumed level of mortality experience of current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turns out higher that the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa. The effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%

	Twenty percentage point increase	**Twenty percentage point decrease**
Effect on the aggregate of the service cost	2 056 000	2 515 000
Effect on defined benefit obligation	55 646 000	67 979 000
Effect on the aggregate of the interest cost	5 045 000	6 195 000

Medical aid inflation - The cost of the subsidy after retirement is dependent on the increase in the contribution to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees. A 1% effect per annum change in the medical aid inflation assumption is as follows:

	One percentage point increase	One percentage point decrease
Effect on the agregate of the service cost	2 823 000	1 828 000
Effect on defined benefit obligation	69 813 000	53 924 000
Effect on the aggregate of the interest cost	6 377 000	4 877 000

Employee benefit - Roads receivable

In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Public Works and Transport, and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the Municipality. The future claim for roads staff for post employment medical aid has therefore been raised as a long-term debtor.

Employee benefits-Roads receivable		
Opening balance	11 856 000	11 336 000
Current service cost	366 000	297 000
Interest cost	1 050 000	884 000
Expected benefits paid	(637 000)	(254 848)
Actuarial loss / (gain)	3 680 000	(406 152)
	16 315 000	**11 856 000**

Statement of Financial Position		
Employee benefits - Roads receivable (Current Assets)	674 000	637 000
Employee benefits - Roads receivable (Non-current Assets)	15 641 000	11 219 000
	16 315 000	**11 856 000**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

17. Long-term portion of Long Service Awards

Long Service Awards		
Provision for Long Service Awards	7 466 000	7 059 000
Less : Transferred to Current Provisions	(547 000)	(577 000)
Net Long Service Awards liability	**6 919 000**	**6 482 000**

A long service award is granted to municipal employees after the completion of fixed periods of continuous service with the municipality. The provision represents an estimation of the awards to which employees in the service of the municipality at 30 June 2015 become entitled to in future, based on a actuarial valuation performed at that date.

An actuarial valuation of the present value of the obligation at 30 June 2015 was done by ZAQ Consultants and Actuaries.

The future service cost for ensuing year is established to be R661 000 whereas the interest-cost for the next year in estimated to be R688 000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

- Discount Rate - Yield Curve
- CPI (Consumer Price Inflation) - Difference between nominal and real yield curve
- Normal Salary Increase Rate - Equal to CPI
- Net Effective Discount Rate - Yield Curve
- Expected Retirement Age - Female - 63
- Expected Retirement Age - Male - 63

2015

Details of employees eligible for long service awards are detailed below	**Active Employees**	**Salary Weighted Average Age (years)**	**Weighted Average Past Service (years)**
Male	390	44.00	10.93
Female	97	38.83	7.74
	487	83	19

2014

Details of employees eligible for long service awards are detailed below

	Active Employees	**Salary Weighted Average Age (years)**	**Weighted Average Past Service (years)**
Male	399	43.25	10.39
Female	104	39.59	7.56
	503	83	18

The amount recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	7 466 000	7 059 000

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

Current service costs	668 000	565 000
Interest cost	573 000	450 000
Actuarial (gain)/loss on the obligation	(230 541)	429 000
Benefits paid	-	(418 000)
	1 010 459	**1 026 000**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

17. Long-term portion of Long Service Awards (continued)

The movement in the long service awards liability over the year is as follows:

	2015	2014
Balance at beginning of the year	7 059 000	6 033 000
Current service cost	668 000	565 000
Interest cost	573 000	450 000
Benefits paid	(603 459)	(418 000)
Actuarial (gain)/loss on the obligation	(230 541)	429 000
	7 466 000	**7 059 000**

Changes in economic variables -
Over the past financial year the net effective discount rate, changes in economic variables caused a decrease in the liability around R53 000..

Membership changes -
Over the past financial year various membership changes took place. This along with some other small changes, caused a decresae in the liability of around R227 000.

Changes in withdrawal -
The effect of a 20% movement in the withdrawal rates will be as follow:

	- 20% Withdrawal rate	**Valuation Assumption**	**+ 20% Withdrawal rate**
Total Accrued Liability	7 953 000	7 466 000	7 036 000
Current Service Cost	727 000	661 000	606 000
Interest Cost	736 000	688 000	646 000

	- 1% Withdrawal rate	**Valuation Assumption**	**+ 1% Withdrawal rate**
Total Accrued Liability	6 890 000	7 466 000	8 113 000
Current Service Cost	601 000	661 000	730 000
Interest Cost	633 000	688 000	751 000

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

18. Accumulated surplus

Balance as at 1 July	363 530 786	313 010 193
Adjustments Refer to note 28.10	-	(706 018)
Adjustments Refer to note 28.10	-	86
Adjustments Refer to note 28.10	-	(2 162 596)
Adjustments Refer to Note 28.3	-	(3 992 161)
Adjustment Refer to Note 28.5	-	413 871
Adjustment Refer to Note 28.11	-	11 336 000
Net gain / loss for the period	38 286 856	45 631 411
	401 817 642	**363 530 786**

19. Service charges

Fire fighting services	518 737	218 664
Sale of electricity	447 701	388 878
Sale of water	106 368 657	91 933 600
Sewerage and sanitation charges	104 142	89 206
	107 439 237	**92 630 348**

20. Other revenue

Non - exchange transactions	-	-
Sundry overpayments	10 710	908 025
Interest on debtors	28 083	67 784
Permit fees (inland water)	-	74 750
Building plan fees	-	12 338
Other income	1 128 405	224 606
	1 167 198	**1 287 503**

Exchange transactions		
Rent	2 392 972	2 629 687
Water Services	319 696	542 118
Fire Services (Saldanha)	3 291 680	880 932
	6 004 348	**4 052 737**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

21. Government grants and subsidies

Conditional and Unconditional

The following grants and subsidies were received:

RBIG Funds	3 571 176	10 304 662
Provincial Management Support Grant	837 308	474 739
RSC Levy Replacement Grant (Equitable Share)	64 792 000	62 908 644
Equitable Share	11 192 000	9 717 356
MSIG	934 000	890 000
Financial Management Grant	1 250 000	1 250 000
EPWP Grant	1 000 000	1 000 000
Donations Mayor	47 818	55 770
Department of the Premier : Mandela	-	150 000
Financial Plan	-	400 000
Greenest M.C.	124 835	5 165
Working for Water	461 604	-
Other Government Grants and Subsidies : Less Administration Charge	207 693	715 798
	84 418 434	**87 872 134**

21.1) RBIG Funds

Balance unspent at the beginning of the year	-	845 315
Current year receipts	3 571 176	9 459 347
Current year interest	-	-
Conditions met - transferred to revenue	(3 571 176)	(10 304 662)
Conditions still to be met - transferred to liabilities	**-**	**-**

Strategic Objective - Essencial bulk services.

The purpose of the grant is to provide a desalination plant within the West Coast District Municipality area.

21.2) MSIG

Balance unspent at the beginning of the year	-	-
Current year receipts	934 000	890 000
Current year interest	-	-
Conditions met - transferred to revenue	(934 000)	(890 000)
Conditions still to be met - transferred to liabilities	**-**	**-**

Strategic Objective - Good governance and financial viability.

The purpose of the grant was to provide infrastructure for the implementation of mSCOA (Municipal Standard Chart of Accounts).

21.3) Financial Management Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	1 250 000	1 250 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
Conditions still to be met - transferred to liabilities	**-**	**-**

Strategic Objective - Good governance and financial viability.

The purpose of the grant was to support the training of municipal officials in financial management, the appointment of interns and the acquisition, upgrade and maintenance of financial management systems.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

21. Government grants and subsidies (continued)

21.4) Provincial Management Support Grant

Balance unspent at the beginning of the year	397 095	871 834
Current year receipts	800 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(837 308)	(474 739)
Conditions still to be met - transferred to liabilities	**359 787**	**397 095**

Strategic Objective - Good governance and financial viability

The purpose of the grant is to provide shared risk management services within the West Coast District area.

21.5) Donations Mayor

Balance unspent at the beginning of the year	-	8 120
Current year receipts	54 000	47 650
Current year interest	-	-
Conditions met - transferred to revenue	(47 818)	(55 770)
Conditions still to be met - transferred to liabilities	**6 182**	**-**

22.6) EPWP Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	1 000 000	1 000 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
Conditions still to be met - transferred to liabilities	**-**	**-**

Strategic Objective - Environmental Integrity

The purpose of the grant was for community safety, sustainable land-based livelihoods, development and maintenance of buildings, health, road and stormwater system development and maintenance and other social sector projects.

21.7) Financial Plan

Balance unspent at the beginning of the year	-	-
Current year receipts	-	400 000
Current year interest	-	-
Conditions met - transferred to revenue	-	(400 000)
Conditions still to be met - transferred to liabilities	**-**	**-**

21.8) Premier : Mandela

Balance unspent at the beginning of the year	-	-
Current year receipts	-	150 000
Current year interest	-	-
Conditions met - transferred to revenue	-	(150 000)
Conditions still to be met - transferred to liabilities	**-**	**-**

21.9) Greenest Municipality

Balance unspent at the beginning of the year	74 835	-
Current year receipts	50 000	80 000
Current year interest	-	-
Conditions met - transferred to revenue	(124 835)	(5 165)
Conditions still to be met - transferred to liabilities	**-**	**74 835**

21.10) Working for Water

Balance unspent at the beginning of the year	-	-
Current year receipts	461 604	-
Current year interest	-	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

21. Government grants and subsidies (continued)

Conditions met - transferred to revenue	(461 604)	-
	-	-

Strategic Objective : Environmental Integrity

The purpose of the grant was to clean-up water sensitive areas within the West Coast District.

Unspent conditional grants and receipts

PAWC and State Funds : Various Projects (See note 13)	365 969	471 929

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

22. Employee related costs

	-	-
Employee related costs - Salaries and Wages	78 866 727	70 605 686
Employee related costs - Contributions for UIF, pensions and medical aids	17 828 684	16 166 259
Bonus paid	1 637 222	1 396 958
Bonus paid (Roads)	791 070	671 355
Travel, motor car, accommodation, subsistence and other allowances	7 414 879	7 901 540
Other payroll levies	2 586 997	-
Overtime payments	6 010 960	4 115 821
Long-service awards	-	119 981
Contributions to Employee Benefits	7 723 285	12 726 655
Long-service awards (Roads)	-	247 883
Leave accrual	932 003	-
Special allowances	4 683 215	3 672 111
Housing benefits and allowances	479 949	311 937
	128 954 991	**117 936 186**

Remuneration of municipal manager (This expense forms part of Employee related costs)

Annual Remuneration	1 460 826	1 356 485
Car Allowance	195 576	195 576
Performance Bonuses	79 311	59 387
Contributions to UIF, Medical and Pension Funds	37 447	34 165
Telephone Allowance	20 184	15 984
Other	81	4 200
	1 793 425	**1 665 797**

Remuneration of chief financial officer (This expense forms part of Employee related costs)

Annual Remuneration	947 932	886 461
Car Allowance	26 877	26 877
Performance Bonuses	55 518	41 571
Contributions to UIF, Medical and Pension Funds	210 861	197 020
Telephone Allowance	20 184	15 984
Other	81	4 200
	1 261 453	**1 172 113**

Remuneration of individual executive directors - Technical Services (This expense forms part of Employee related costs)

Annual Remuneration	1 021 484	946 417
Car Allowance	120 000	120 000
Performance Bonuses	55 518	27 714
Contributions to UIF, Medical and Pension Funds	44 186	43 941
Telephone Allowance	20 184	15 984
Other	81	4 200
	1 261 453	**1 158 256**

Remuneration of individual executive directors - Corporate and Community Services (This expense forms part of Employee related costs)

Annual Remuneration	901 597	878 387
Car Allowance	120 000	72 000
Performance Bonuses	55 518	41 571
Contributions to UIF, Medical and Pension Funds	164 073	159 971
Telephone Allowance	20 184	15 984
Other	81	4 200

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

22. Employee related costs (continued)

Long service award	72 417	-
	1 333 870	**1 172 113**

23. Remuneration of councillors

Executive Mayor	539 493	497 021
Deputy Executive Mayor	623 461	584 232
Mayoral Committee Members	2 101 495	1 957 375
Speaker	386 435	364 053
Councillors	1 367 766	1 490 433
Councillors’ pension contribution	241 244	152 286
	5 259 894	**5 045 400**

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act..

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

24. Repairs and maintenance

Repairs and maintenance are disclosed per municipal vote or department.

Executive and Council	18 665	1 437
Finance and Administration	695 907	313 587
Health	33 432	35 608
Community and Social Services	441 693	274 902
Housing	456 361	193 588
Public Safety	1 704 928	1 045 381
Road Transport	48 864 469	27 246 205
Water Services	3 878 975	3 330 857
	56 094 430	**32 441 565**

25. Finance costs

Long term liabilities	10 370 121	11 726 379
Finance leases	83 941	91 278
	10 454 062	**11 817 657**

26. Bulk purchases

Water	10 614 821	9 968 999

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

27. General expenses

Advertising	381 624	636 152
Assessment rates & municipal charges	357 968	374 257
Auditors remuneration	3 027 950	1 955 933
Computer expenses	1 946 547	793 803
Consulting and professional fees	1 956 077	1 014 790
Delivery expenses	12 612	102 075
Insurance	279 405	194 627
Rental offices	1 448 147	1 537 529
Water demand management	22 751	193 013
Lease rentals on operating lease	425 651	460 767
Magazines, books and periodicals	-	24 931
Motor vehicle expenses	248 194	157 966
Contribution to free municipal services	679 654	575 016
Fuel and oil	12 001 911	12 820 708
Printing and stationery	852 711	767 651
Security (Guarding of municipal property)	284 824	330 600
Subscriptions and membership fees	508 661	274 649
Telephone and fax	1 313 517	1 111 990
Transport and freight	3 323 629	3 330 987
Training	2 061 619	1 867 058
Travel - local (subsistance allowance)	889 324	901 520
Electricity	18 373 312	16 757 333
Water	113 957	93 273
Water and milk samples	230 031	244 896
Uniforms	1 038 948	1 978 269
Chemicals	5 449 094	6 086 377
Skills development levy	-	843 747
Sundry expenses	13 005	164 403
Exhibitions	408 252	395 589
Contributions and grants	387 184	227 349
Professional services	812 041	566 729
Interest transfer	208 261	58 974
Housing operators	-	370 549
Other operating expenses	6 064 950	9 758 699
	65 121 811	**66 972 209**

28. Correction of error

The correction of the error(s) results in adjustments as follows:

28.1 - WCA

WCA - Payment During the current financial year the municipality corrected an error. WCA amounting to R1 114 099 was paid relating to the 2013/14 financial year.	1 114 099	-

28.2 - VAT	Opening balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June 2014	563 299	-	578 272
During the current financial year the municipality corrected an error. VAT amounting to R15 043 was not claimed from SARS and was identified during a VAT audit.	-	15 043	-
	563 299	**15 043**	**578 272**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

28. Correction of error (continued)

28.3 - Property, Plant and Equipment - Cost

	Opening balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June 2014	467 337 372	-	462 394 366
During the current financial year the municipality corrected an error. Assets which existed in the prior year that were not recognised.	-	245 867	-
During the current financial year the municipality corrected an error. DMA and Provincial Government assets was not transferred in the prior period.	-	(3 992 161)	-
During the current year the municipality corrected an error. Adminstration cost was incorrectly capitalised.	-	(490 698)	-
During the current year the municipality corrected an error. Addition due to COMAF 19 (2013/14) from the Auditor General was reversed.	-	(706 017)	-
	467 337 372	**(4 943 009)**	**462 394 366**

28.4 - Intangible Assets - Cost

	Opening balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June 2014	1 248 351	-	3 410 947
During the current financial year the municipality corrected an error. An intangible asset was identified amounting to R2 162 596.	-	2 162 596	-
	1 248 351	**2 162 596**	**3 410 947**

28.5 - Property, Plant and equipment - Depreciation

	Opening balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June 2014	(116 100 444)	-	(113 353 257)
During the current financial year the municipality corrected an error. Depreciation was adjusted to include depreciation on assets which existed in the prior year but were not recognised.	-	2 268 606	-
Depreciation adjusted in the Statement of Changes in Net Assets due to assets not transferred to the DMA and Provincial Government.	-	413 871	-
Depreciation adjusted in the Statement of Financial Performance due to assets not transferred to the DMA and Provincial Goverment	-	64 710	-
	(116 100 444)	**2 747 187**	**(113 353 257)**

28.6 - Intangible Assets - Amortisation

	Opening balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June 2014	(1 021 598)	-	(1 382 030)
During the current financial year the municipality corrected an error. Amortisation was corrected for asset identified during current year.	-	(360 432)	-
	(1 021 598)	**(360 432)**	**(1 382 030)**

28.7 - Roads

	Opening Balance before Adjustment	Adjustment	Balance After Adjustment
Road Services Revenue	91 896 102	(8 021 394)	83 874 708
General Expenditure	(67 230 879)	8 021 394	(59 209 485)
	24 665 223	**-**	**24 665 223**

Figures in Rand	2015	2014

28. Correction of error (continued)

During the current year the municipality corrected an error. The year-end balance for Road Services was incorrectly transferred from expenses to trade payables.

28.8 - Finance Lease Obligation general expenses	Opening balance before adjustment	Adjustment	Closing balance after adjustment
Balance as at 30 June 2014	(67 230 879)	-	(66 600 725)
During the current year the municipality corrected an error. The municipality went into a finance lease agreement with Microsoft in the 2013/14 financial year. The payment was part of the municipality's general expenses.	-	630 154	-
	(67 230 879)	**630 154**	**(66 600 725)**

28.9 (1) - Accumulated Surplus 30 June 2014	Opening balance before adjustment	Adjustment	Balance after adjustment
Balance at 30 June 2014	354 685 804	-	363 530 786
WCA - Refer to Note 28.1	-	(1 114 099)	-
VAT - Refer to Note 28.2	-	15 043	-
Property, Plant and Equipment Cost - Refer to Note 28.3	-	245 868	-
Intangible Assets Cost - Refer to Note 28.4	-	2 162 596	-
Property, Plant and Equipment Depreciation - Refer to Note 28.5	-	2 268 606	-
Intangible Assets Amortisation - Refer to Note 28.6	-	(360 432)	-
Finance Lease Obligation - Refer to Note 28.8	-	630 154	-
Corrections made directly in the Statement of Financial Performance - Refer to Note 28.9 (2)	-	(411 940)	-
Corrections made directly in the Statement of Changes in Net Assets - Refer to Note 28.10	-	(6 446 814)	-
Correction made directly in the Statement of Financial Performance - Refer to Note 28.11	-	520 000	-
Correction made directly in the Statement of Changes in Net Assets - Refer to Note 28.11	-	11 336 000	-
	354 685 804	**8 844 982**	**363 530 786**

28.9 (2) - Corrections made directly in the Statement of Financial Performance	Opening Balance before Adjustment	Adjustment	Balance After Adjustment
Balance at 30 June 2014	45 523 350	-	45 631 411
Other revenue	-	13 905	-
Employee related costs	-	(693 231)	-
Remuneration of councillors	-	(137 800)	-
Depreciation and amortisation	-	64 711	-
Repairs and maintenance	-	(25 020)	-
General expenses	-	(7 311)	-
Loss on disposal of assets and liabilities	-	372 807	-
Employee benefit - roads receivable	-	520 000	-
	45 523 350	**108 061**	**45 631 411**

28.10 - Corrections made directly in the Statement of Changes in Net Assets

Property, Plant and Equipment, Addition due to COMAF 19 (2013/14) from the Auditor General was reversed.	(706 017)	-
VAT not claimed in the 2012/13 financial year. Vat review done by the municipality in the 2014/15 financial year.	85	-
Finance lease obligation - Microsoft contract	(2 162 592)	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

28. Correction of error (continued)

Property, plant and equipment not transferred to DMA and Provincial Government - Refer note 28.3	(3 992 161)	-
Property, plant and equipment not transferred to the DMA and Provincial Government - Refer note 28.5	413 871	-
	(6 446 814)	**-**

During the current financial year the municipality reclassified some of the expenditure items in note 27 - general expenses. Amounts was restated as follow:

General Expenses - Note 27	Balance previously reported	Adjustment	Balance after adjustment
Assessment rates & municipal charges	324 628	49 629	374 257
Training	453 355	1 413 703	1 867 058
Travel - local (Subsistance Allowance)	721 491	180 029	901 520
Water	28 038	65 235	93 273
Chemicals	7 873 058	(1 786 681)	6 086 377
Other operating expenses	19 399 455	78 085	19 477 540
	28 800 025	**-**	**28 800 025**

During the current year the municipality reclassified amounts in the Statement of Financial Position and the Statement of Financial Performance. Amounts was restated as follows:

Statement of Financial Position	Balance before Adjustment	Adjustment	Balance After Adjustment
Inventories	1 618 708	348 935	1 967 643
Other trade receivables from exchange transactions	11 831 018	(378 255)	11 452 763
Other trade receivables from non-exchange transactions	-	29 320	29 320
	13 449 726	**-**	**13 449 726**

Statement of Financial Performance	Balance before Adjustment	Adjustment	Balance After Adjustment
Other revenue from exchange transactions	5 672 339	(1 633 508)	4 038 831
Resort income	-	2 557 893	2 557 893
Other revenue from non-exchange transactions	2 211 888	(924 385)	1 287 503
Depreciation and amortisation	12 520 890	(97)	12 520 793
Allowance for impairment	-	483 930	483 930
General Expenses	67 230 879	9 786 351	77 017 230
Repairs and maintenance	42 686 731	(10 270 184)	32 416 547
	130 322 727	**-**	**130 322 727**

28.11) Employee benefit - Long term receivable (Roads)

Long term receivable : Current portion	637 000
Long term receivable : Non-current portion	11 219 000
	11 856 000

In terms of the memorandum of agreement between the Western Cape Provincial Government, Department of Public Works and Transport, and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the Municipality. The future claim for the provision for post employment medical aid has therefore been raised as a long term debtor.nal text

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

29. Cash generated from operations

	2015	2014
Surplus for the period	38 286 856	45 631 411
Adjustments for:		
Depreciation and amortisation	12 695 300	10 548 006
Loss on PPE	488 183	329 649
Other PPE Adjustment	-	620 374
Impairment of receivables from exchange transactions	360 939	483 930
Other Intangible asset Adjustment	-	(2 162 596)
Roads receivable - Employee benefits	(4 459 000)	(520 000)
Changes in working capital:		
Inventories	(480 655)	(295 380)
Trade receivables from exchange transactions	(2 654 684)	(433 630)
Other trade receivables from exchange transactions	5 613 718	(1 489 804)
Payables from exchange transactions	3 231 024	781 158
VAT	2 922 970	(684 717)
Unspent conditional grants and receipts	(105 960)	(1 253 341)
Employee benefits	2 887 286	(12 394 669)
Long Service Awards	437 000	867 000
	59 222 977	**40 027 391**

30. Utilisation of Long-term liabilities reconciliation

	2015	2014
Long - term liabilities (see Note 16)	86 865 733	99 810 297
Used to finance property, plant and equipment	(86 865 733)	(99 810 297)
Cash set aside for the repayment of long-term liabilities	14 127 443	12 944 312
Cash invested for repayment of long - term liabilities	**14 127 443**	**12 944 312**

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

31. Unauthorised expenditure

	2015	2014
Reconciliation of Unauthorised expenditure	-	-
Opening balance	-	-
Unauthorised expenditure current year	161 069	-
Approved by Council or condoned	(161 069)	-
Unauthorised expenditure awaiting authorisation	**-**	**-**

The municipality incurred unauthorised expenditure of 1% of its capital budget due to unforeseen expenditure on the PVR systems project in the Technical Department. Votes within the operating budget, namely community and housing services was overspent due to employee benefit valuations done at year-end. These expenditure was condoned by council on 26 August 2015.

Capital	**Budget**	**Actual**	**Variance**
Vote 1 - Community Services	1 701 000	(1 647 964)	53 036
Vote 2 - Subsidised Services	2 888 000	(2 871 550)	16 450
Vote 3 - Economic Services	100 000	(96 987)	3 013
Vote 5 - Trading Services	11 474 700	(11 708 268)	(233 568)
	16 163 700	**(16 324 769)**	**(161 069)**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

31. Unauthorised expenditure (continued)

Operational	Budget	Actual	Variance
Vote 1 - Community Services	65 824 080	(67 976 516)	(2 152 436)
Vote 2 - Subsidised Services	40 386 290	(30 785 809)	9 600 481
Vote 3 - Economic Services	4 218 240	(4 196 740)	21 500
Vote 4 - Housing	1 008 550	(1 089 853)	(81 303)
Vote 5 - Trading Services	96 994 800	(87 325 235)	9 669 565
Vote 6 - Agencies	104 424 000	(103 987 887)	436 113
	312 855 960	**(295 362 040)**	**17 493 920**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

32. Fruitless and wasteful expenditure

Reconciliation of Fruitless and wasteful expenditure	-	-
Opening balance	518	-
Fruitless and wasteful expenditure current year	8 697	518
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	**9 215**	**518**

The municipality went into an agreement with Eskom in 1998 for the supply of electricity to pump stations (boreholes). The line runs across farms including Droëfontein. It came to management's attention that there was an additional connection done on this line. To this effect, management questioned whether this connection was authorized by the municipality. After an investigation by the municipality's internal audit department the following action was taken :

An account was sent on the 27th of July 2015 which was settled by the farmer on the 31th of July 2015;
An agreement was singed between the farmer and the municipality on the 27th of July 2015; and
The incident was referred to the human resources department to follow disciplinary procedures.

33. Irregular expenditure

Opening balance	-	13 155
Add: Irregular Expenditure - current year	12 531 231	-
Less: Amounts condoned	(80 588)	(13 155)
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Irregular expenditure awaiting condonement	**12 450 643**	**-**

The above expenditure for 2013/14 (R13 155) was procured from Makro Milnerton and no supplier declaration was submitted as part of the procurement awarding process. The irregular expenditure was condoned by the Mayoral Committee item number BM/14/08/11/7.1.1

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

33. Irregular expenditure (continued)

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Incident 1 - Section 12(3) of the Supply Chain Management Regulations states that no procument of goods or services can be split to avoid the Regulations. After an investication done by the Internal Audit Department it was found that repairs and maintenance was done to vehicles where the procurement was split to avoid the Regulations.	None	30 721
Incident 2 - Section 15 (b) of the Supply Chain Management Regulations states that no procument can be done without an official order. After an investigation by the Internal Audit Department it was found that repairs and maintenance was done to vehicles where no official order was given.	None	49 867
Incident 3 - The municipality did not comply with Section 44 of the Municipal Supply Chain Regulation where suppliers had employees in the service of the state that did not declare their interest to the Municipality.	None	119 933
Incident 4 - The municipality did not comply with Section 13 (a) Supply Chain Management Regulations by accepting quotes and traded with suppliers without obtaining their MBD4 forms.	None	36 750
Incident 5 - The municipality appointed a supplier that did not comply with Section 36 (1) (a) (v) of the Supply Chain Management Regulations.	None	175 076
Incident 6 - The Municipality did not comply with Section 11 (1) by procuring the services of Sure Swartland Travel.	None	11 612
Incident 7 - Section 9 (1) of the Preferencial Procurement Regulation states that an organ of state must, in the case of disignated sectors, where in the award of tenders local production is of critical importance. The municipalty procured for the supply and delivery of a 16 seater bus from 7th Avenue Trading CC which was not a locally sourced item.	None	557 469
Incident 8 - The Municipality identified that a bid with a transactions value over R10 million (VAT included) and of a long term nature was not advertised for a minimum period 30 days.	None	11 549 802
		12 531 230

Details of irregular expenditure condoned

	Condoned by (condoning authority)	
Incident 1	Mayoral Committee - BM/15/08/12/7.1.2	30 721
Incident 2	Mayoral Committee - BM/15/08/12/7.1.2	49 867
		80 588

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

34. Additional disclosure in terms of Municipal Finance Management Act

34.1) Contributions to organised local government

Opening balance	-	-
Current year subscription / fee	413 553	830 184
Amount paid - current year	(413 553)	(830 184)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

34.2) Audit fees

Opening balance	-	-
Current year subscription / fee	3 027 949	1 955 932
Amount paid - current year	(3 027 949)	(1 955 932)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

34.3) PAYE and UIF

Opening balance	-	-
Current year subscription / fee	16 487 953	14 005 974
Amount paid - current year	(16 487 953)	(14 005 974)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

34.4) Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	17 262 933	11 754 837
Amount paid - current year	(17 262 933)	(11 754 837)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

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

34.5) VAT

VAT receivable	-	704 257
VAT payable	2 155 077	-
	2 155 077	**704 257**

VAT receivables and VAT payable are shown in note 5 and 12.

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

34.6) Councillors' arrear consumer accounts

No Councillors had arrear accounts outstanding for less or more than 90 days at 30 June 2015:

30 June 2015	Outstanding less than 90 days	Outstanding more than 90 days	Total
	-	-	-

35. Capital Commitments

Authorised capital expenditure

Approved and contracted for		
Other Structures (Infrastructure)	-	5 964 224

This expenditure will be funded from the Accumulated Surplus. Capital commitments are specific capital projests approved per tender and budget but still in progress at period end.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

36. Retirement Benefit Information

The municipality provides retirement benefits for all its permanent employees through a defined contribution plan, which is subject to the Pension Fund Act, 1956 as amended. The Contributions made by the municipality and the employees to the plan during the year were:

Cape Joint Pension Fund	274 668	605 596
Cape Joint Pension Fund shortfall	-	-
Cape Joint Retirement Fund	18 852 327	16 573 690
Councillors Pension Fund	462 111	386 384
	19 589 106	**17 565 670**

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

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

Multi employer funds are treated as defined contribution funds.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

37. Related parties

The following related parties exist:

Government Departments	National Treasury
	Provincial Treasury
	Department of Water Affairs and Forestry
Members of key management	H F Prins (Municipal Manager)
	J Koekemoer (Chief Financial Officer)
	M Markus (Director : Corporate and Community Services)
	H Matthee (Director : Technical Services)
Councillors	Cllr. J H Cleophas (Executive Mayor)
	Ald. J J Josephus (Deputy Executive Mayor)
	Cllr. A Kruger (Speaker)
	Cllr. A P Mouton (Mayoral Committee Member)
	Cllr. B J Stanley (Mayoral Committee Member)
	Cllr. W D Loff (Mayoral Committee Member)
	Cllr. M Koen (Mayoral Committee Member)
	Cllr. J Swart
	Cllr. R Skei
	Cllr. J Barnard
	Cllr. N G Delport
	Cllr. C H Heyns
	Ald. E Plaatjies
	Cllr. M Smit
	Cllr. C J Snyders
	Cllr. S R Claassen
	Cllr. E L Mgingqi
	Cllr. J J Fransman
	Ald. N V Mgoqi
	Cllr. J J Cillie
	Cllr. S T Vries
	Ald. N J A Rust
	Cllr. N S Zatu
	Cllr. A Sindyamba

The Municipal Manager (Mr H F Prins) and the Chief Financial Officer (Mr J Koekemoer) are trustees in the operating lease transaction that exists between the Council and the West Coast Financing Partnership. Payments are payable every six months. The properties involved in this transaction are section 36 of the farm Yzervarkensrug number 125 and section 3 of division Malmesbury farm number 91. The transactions are disclosed below:

Related party balances

	2015	2014
Grants recieved from related parties		
National Treasury	79 168 000	76 029 000
Provincial Treasury	962 142	970 515
Department of Water Affairs and Forestry	4 032 777	6 405 516
Purchases of goods and services from related parties		
Department of Water Affairs and Forestry	10 614 821	9 968 999
Sub - Lease transaction from related parties		
West Coast Financing Partnership	43 597 084	50 887 508

Related party transactions

	2015	2014
Sub - Lease payment paid to related parties		
West Coast Financing Partnership	7 290 424	6 509 308
Sub - Lease distributions received from related parties		
West Coast Financing Partnership	7 290 424	6 252 037

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

38. Leases

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

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

38. Leases (continued)

a) Within one year of the reporting date	177 665	659 317
b) More than one year but less than five years of the reporting date, and	1 658 591	1 585 139
c) More than five years	811 244	1 115 461
	2 647 500	**3 359 917**

The municipality entered into an operating lease for the rental of photocopiers for five years with Mduli Sharp. There are no escalation clause.

The municipality entered into an operating lease for the rental of photocopiers for three years with Konica Minolta. The are no escalation clause.

The municipality entered into an operating lease for the rental of two photocopiers and 1 fax machines for five years with Mduli Sharp. The date of inception was December 2007 with no escalation clause. The equipment numbers of the photocopiers are AR 1161.

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

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

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

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

The municipality entered into an operating lease for the rental of offices. The lease is between Bennit Joubert Family Trust and the municipality. The contract is for a 3 year period. The property involved is site West Coast Farmstal corner of R27 and R315 Yzerfontein.

The municipality entered into a operating lease agreements with Telkom SA. The contract is for a 3 year period with no escalation clause.

The municipality entered into an operating lease for the rental of storage capacity. The lease is between Linu Farms and the Municipality. The contract is for a 12 month period. The property involved is erf 858 Riebeek-West.

The municipality entered into an operating lease for the rental of offices. The lease is between Saldanha Municipality and this Municipality. The contract is for a month to month period. The property involved is erf 860 Langebaan.

The municipality entered into an operating lease agreement with Business Engineering. The contract involves the Collaborator Foundation System and is for a 12 Month period.

An operating lease transaction exists between the Council and G R Damp for the period not later than 30 June 2015. The property is Swawelberg, Malmesbury (Section 5 of farm 619 Malmesbury road).

The municipality entered into an operating lease for the rental of storage capacity. The lease is between Petersfield trust and the municipality. The contract is for a 2 year period. The property involved is Petersfield 455, Voortrekker Street, Citrusdal, Section Clanwilliam.

The municipality entered into an operating lease with Bergriver Municipality. The contract is for a 3 year period. The property involved is erf 8 Aurora.

The municipality entered into an operating lease with Marcelle Ann Ellis and Jannie Nel Ellis. The contract is for a 3 year period. The property involved is Die Trek 28 Piketberg.

The municipality entered into an operating lease with Strassberger Investments. The contract is for a 3 year period. The property involved if erf 2715 Hoofweg 28A Clanwilliam.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

38. Leases (continued)

The municipality entered into an operating lease as lessor with the Department of Transport and Public Works as the lessee. The lease term commenced on 1 March 2014 and expire with option to extend on 28 February 2024 and cover a period of 10 years. The property involved is the Moorreesburg Ambulance station situated on Erf 641.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

39. Financial Risk management

Overview

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the . Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

40. Financial instruments disclosure

40.1) Credit Risk

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

Trade and other receivables	15 623 852	19 558 968

The ageing of trade and other receivables at the reporting date was :		
Current	15 408 840	19 419 277
30 Days	206 746	208 553
60 Days	45 185	70 064
90 Days	10 655	17 064
120 Days plus	8 074	3 777
Less : Provision for bad debt	(55 648)	(159 767)
	15 623 852	**19 558 968**

Figures in Rand	2015	2014

. **Financial instruments disclosure (continued)**

The movement in the allowance for bad debt in respect of trade receivables over the year was :		
Balance at the beginning of the year	260 751	428 221
Contributions to provisions	397 549	551 245
Expenditure incurred	(232 701)	(718 715)
	425 599	**260 751**

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

40.2) Liquidity risk

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

Non - derivative financial liabilities 2015	**Carrying Amount**	**Contractual Cash Flows**	**Within 1 Year**	**2 - 5 Years**	**More than 5 Years**
Unspent conditional grants and receipts	365 969	365 969	365 969	-	-
Long term liabilities	86 865 733	86 865 733	14 127 443	68 238 290	4 500 000
	87 231 702	**87 231 702**	**14 493 412**	**68 238 290**	**4 500 000**

40.3) Interest rate risks

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposits investments, long-term debtors, consumer debtors, other debtors and bank and cash balances. The municipality is exposed to interest rate risk as the municipality borrows funds at a fixed interest rate. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The financial assets are based on the interest rate provided by the banks and National Government at the reporting date. The municipality's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

Non - derivative financial assets 2015	**Within 1 Year**	**2 - 5 Years**	**More than 5 Years**
Trade and other receivables (8.5%)	15 623 852	-	-
Cash and Cash equivalents - short term investments (6.50%)	191 807 544	-	-
Cash and cash equivalents - Cash book balances (3.5% floating)	7 159 639	-	-
	214 591 035	**-**	**-**

Non-derivative financial liabilities 2015	**Within 1 Year**	**2 - 5 Years**	**More than 5 Years**
Trade and other payables (Interest free)	20 678 083	-	-
Unspent conditional grants and receipts	365 969	-	-
Long term liabilities (12.54%, 11.73%, 8.60500% and 10.87%)	14 127 443	68 238 290	4 500 000
	35 171 495	**68 238 290**	**4 500 000**

Sensitivity analysis

An increase of 1% in interest rates at 30 June would have increased / (decreased) financial assets and profit or loss by the amounts shown below. A decrease of 1% in interest rate 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 where no changes in the Municipality's approach from the prior year.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

. Financial instruments disclosure (continued)

Non-derivative financial assets 2015	Statement of Financial Position	Profit or loss
Trade and other receivables	15 623 853	156 239
Cash and cash equivalents - Short-term investments	191 807 544	1 918 076
Cash and cash equivalents - Cash book balances	7 159 639	71 597
	214 591 036	**2 145 912**

40.4) Fair values

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

41. Contingent Liabilities

The municipality is being sued by M J Visagie for injuries sustained in an accident in 2004. Council is contesting the claim based on legal advice. The legal expert believe that the municipality has a reasonable chance of success. The case number is 8872 and 8872/2002. The best estimate provided by the legal expert for the this liability is R91 667 in the current year.

The municipality is being sued by P Juries. This case involves the provision of housing and the payment of rental by the applicant. Council is contesting the claim based on legal advice. The case number is 16035/2010. The legal expert believe the municipality has a reasonable chance of success.

The municipality is being sued by Tredoux, wife and on behalf of her minor (child) for injuries sustained in an accident which occurred on 11 May 2015 at the intersection of the Koringberg road and the R45 road, Hopefield, Western Cape. Council is contesting the claim based on legal advise. The legal experts believe that the municipality has a reasonable chance of success. The case number is 6660/08. This is a High Court matter.

The municipality is being sued by Mr J A Kock an ex-employee for injuries contained while in the service of the municipality. Council is contesting the claim based on legal advice. The legal experts believe the municipality has a strong chance of success.

The municipality is being sued by Brochenbach and five others. The case number is 3754/2012. The legal expert believes that the municipality has no risk in this matter.

The municipality is being sued by Destiny Tashmeen Henson for injuries sustained in an accident which occurred on 10 December 2010 on the R311 between Moorreesburg and Hopefield. The case number is 19918/2013. This matter is now in the hands of the insurers.

Based on an assessment done by the legal expert the municipality has no risk in all of the above mentioned matters. Due to this fact no amounts was disclosed by the legal expert except the Visagie incident, the municipality did not disclose any amounts in the annual financial statements for the other applicants.

42. Additional Disclosures in terms of supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements. Reasons are only provided for deviations above R100 000 in these annual financial statements. Reasons for deviations below R100 000 can be viewed at the Supply Chain Management Offices.

Figures in Rand	2015	2014
AAE Services	4 956	-
Irestore	8 625	-
F.E.S Manufacturing (Pty) Ltd	2 370	-
Man Truck & Bus SA (Pty) Ltd	2 839	-
FFA Training (Pty) Ltd	27 000	-
Marine and General Cleaning Services	26 978	-
University of Stellenbosch	33 000	-
High Power Equipment Africa (Pty) Ltd	18 238	-
GLS Consulting - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible.	382 709	-
Smit Ingenieurswerke & Transport	44 688	-
Labour Law Club	4 863	-
Capman (Pty) Ltd	9 690	-
Social Tulips Media Marketing	11 000	-
Smit Ingenieurswerke & Transport	65 208	-
Hazard Bonako Cape	3 215	-
Beeld Holidaymakers Expo	37 347	-
Earth2sky Geomatics	3 876	-
Nelson Mandela Metropolitan University	2 400	-
Santam Ltd	3 000	-
IMFO	29 918	-
Dillon Welding	3 306	-
Global Africa Network (Pty) Ltd - Sole Supplier	188 340	-
Ferobrake	2 377	-
Moorreesburg Gholfklub	19 040	-
UNISA	20 330	-
University of the Western Cape	26 160	-
Cape Peninsula University of Technology	5 006	-
Oxbridge Academy (Pty) Ltd	7 200	-
Flex-IT	25 080	-
Bytes Universal Systems	7 750	-
Arabella Hotel & Spa	6 000	-
Malmesbury Toyota	4 500	-
Zaqen Actauries	2 850	-
First Technology (Pty) Ltd	12 825	-
Man Truck & Bus SA (Pty) Ltd	17 000	-
Engine & Gearbox Master	9 519	-
Electro Diesel Motolek	3 619	-
Wolters Kluwer Tax	13 256	-
F.E.S Manufacturing (Pty) Ltd	12 505	-
Capman (Pty) Ltd	7 524	-
Wear Check Africa	9 644	-
Microsoft - Sole Supplier	901 732	-
Ramsay, Son & Parker	17 545	-
Nelson Mandela Metropolitan University	5 890	-
Mowers Durbanville CC	3 557	-
Steve's Electrical	29 845	-
Kgolo Institute	34 200	-
Tjeka Training Matters (Pty) Ltd	68 682	-
Mortimer Toyota Weskus	12 057	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
42. Additional Disclosures in terms of supply chain management regulations (continued)		
Groter Cederberg Brandbeskermingsvereniging	3 168	-
Steve's Electrical	832	-
Rayalson Investment Holdings	9 780	-
Bytes Universal Systems	5 265	-
Engine & Gearbox Master	12 352	-
Tricom Africa	30 000	-
Wear Check Africa	3 215	-
Chapman	15 675	-
Sitrus Motors	2 428	-
Colas South Africa	3 168	-
Hitachi Construction Machinery	24 739	-
Ramsay, Son & Parker	6 709	-
ADT Security	3 842	-
UNISA	8 100	-
Univercity of Western Cape	30 000	-
Price Waterhouse Coopers - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible because of guarantee, legal, licensing or such other requirements, or it will be impractical or uneconomical to acquire additional similar goods or services from another supplier or service provider.	877 226	-
Automodel BK	2 343	-
Institute of Internal Auditors	65 900	-
Wesgro - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible because of guarantee, legal, licensing or such other requirements, or it will be impractical or uneconomical to acquire additional similar goods or services from another supplier or service provider.	103 057	-
Tricom Africa	23 728	-
Mzantsi Koloni - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible because of guarantee, legal, licensing or such other requirements, or it will be impractical or uneconomical to acquire additional similar goods or services from another supplier or service provider.	599 819	-
Namibia Tourism Expo	21 533	-
Cape Peninsula University of Technology	3 565	-
Altimax (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes.	194 875	-
Bytes Universal Systems	4 355	-
SA Post Office	2 681	-
Babcock Equipment	10 387	-
Groter Cederberg Brandbeskerming	3 465	-
Barloworld Equipment	4 330	-
Mount Ceder	3 166	-
Expo Studio Namibia CC	6 302	-
Multichoice Africa	9 063	-
Bytes Universal Systems	18 981	-
Moorreesburg Koringboere (Overberg Agri)	2 400	-
Nicsans Roller Shutter Doors	2 800	-
Steve's Electrical	22 686	-
The Conference Zone	22 796	-
Bytes Universal Systems	4 406	-
Global Invest Trading	6 999	-
Wear Check Africa	10 020	-
Steve's Electrical	5 000	-
KSB Pumps and Valves (Pty) Ltd	3 312	-
The Karoo Farm Company	2 140	-
Groter Cederberg BBV	6 029	-
Fintech	60 000	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
42. Additional Disclosures in terms of supply chain management regulations (continued)		
Naledi Trading (Pty) Ltd	-	32 012
Flex-it Engineering	-	28 169
IMFO	-	4 571
High Power Equipment Africa	-	6 213
Clanwilliam Exhaust & Tyre	-	2 203
Maxal Projects	-	12 121
IMPSA	-	5 500
BTSA	-	39 189
SALGA	-	4 198
Business Engineering - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible.	-	265 583
IMFO	-	23 960
Wear Check Africa	-	9 370
IMESA	-	14 250
Imperial Trucks	-	7 505
UNISA	-	2 420
Labour Law Club	-	4 863
President Hotel (Pty) Ltd	-	2 375
Steve's Electical	-	3 900
Babcock Equipment	-	5 781
Microsoft - Sole Supplier	-	756 165
Kimru IT Logix	-	3 075
Sibathatu Mining	-	30 000
JB's Nissan	-	5 641
Outdoor Exhibition Organisers	-	11 918
IMASA	-	8 100
GP Enterprices Trust	-	5 990
SAACE	-	11 800
Steve's Electrical	-	3 000
Two Ocean Aquarium	-	992
Procedo Training Providers	-	3 119
CI Motoringeneurswerke	-	28 828
Barloworld Equipment	-	3 257
AAE Services	-	9 479
CT Lab	-	11 628
Institute of Internal Auditors	-	16 800
Maxal Projects	-	7 496
Periexpo	-	4 667
Groter Cederberg Brandbeskerming	-	6 222
Steve's Electrical	-	5 513
The Conference Zone	-	6 838
Stephen Du Plessis Grondverskuiwings	-	46 800
SSE Cape	-	5 529
Ducharme Consulting (Pty) Ltd	-	7 581
Global Africa Network - Goods and services have already been acquired by the municipality from specific supplier or service provider and subsequent maintenance, amendments, or modifications by other supplier or service provider are prohibited, restricted or impossible.	-	188 340
Patin Trading	-	2 282
Marine and General Cleaning Services	-	5 856
Kurt Joshua & Associates	-	15 729
GJ Towing & Recovery	-	7 033
Steve's Electrical	-	15 583
SAESI	-	3 680
Univercity of Stellenbosch - Exceptional case and it is impractical or impossible to follow the official procurement processes.	-	298 650
Steve's Electrical	-	2 000
Omnicon	-	3 546
Drager SA	-	16 829

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

42. Additional Disclosures in terms of supply chain management regulations (continued)

De Berge Gastehuis	-	3 000
IEC Solutions	-	2 000
Hitachi Construction Machinery	-	27 305
CJ Towing & Recovery	-	3 991
Van Der Spuy & Vennote - Exceptional case and it is impractical or impossible to follow the official procurement processess.	-	100 000
Steve's Electrical	-	2 000
Steve's Electrical	-	18 405
Riaan Wiese	-	6 000
Britz Motors	-	11 400
L H Marthinusen	-	9 303
ELB Equipment Ltd	-	8 274
FFA Aviation (Pty) Ltd - Emergency	-	215 000
Groter Cederberg Brand Beskerming	-	13 000
CSX Customer Services	-	2 193
Beeld Holiday Makers	-	34 371
Ramsay, Son & Parker	-	16 364
SSE Cape	-	41 266
Clanwilliam Exhaust & Tyre	-	2 942
Southern African Expo Solution	-	6 110
Aqua Leisure	-	5 448
Trac-tech	-	3 679
Bytes System Integrations	-	26 500
Ignite Advisory Services	-	31 692
UNISA	-	17 200
SAESI	-	10 800
UNISA	-	13 306
Univercity of Stellenbosch	-	42 065
CSX Customer Services	-	9 963
FFA Aviation	-	2 239
Wear Check Africa	-	9 371
PWC - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited restricted or impossible.	-	753 620
Univercity of Stellenbosch	-	40 000
GLS Consulting - Goods and services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible.	-	194 904
GLS Consulting (Pty) Ltd	-	79 044
Barloworld Equipment	-	11 771
Namibia Tourism Expo	-	16 326
Rent-A-Garden	-	5 054
Wesgro - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible.	-	138 566
Aurecon SA (Pty) Ltd	-	85 501
Expo Studio Namibia CC	-	5 291
SSE Cape	-	13 532
Bytes Universal Systems	-	2 026
Multichoice	-	8 152
Bell Equipment	-	44 045
Visser Engineering Works	-	10 560
Perdeberg Motors	-	3 243
Groter Cederberg Brandbeskerming	-	2 199
Tour and Safari Association Namibia	-	4 500
Cadek Media	-	3 500
Adenco Electrical Equipment	-	80 000
Bytes Universal Systems	-	2 475

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

42. Additional Disclosures in terms of supply chain management regulations (continued)

Electro Diesel Motolek	-	3 668
Institute of Internal Auditors	-	7 524
BP Atlantic	-	44 823
Institute of Internal Auditors	-	7 524
Capman	-	12 540
Telkom	-	6 714
Hydraberg	-	2 148
Centeq Networking CC	-	7 000
Deloitte Consulting (Pty) Ltd	-	42 181
Smit Ingenieurswerke	-	20 521
Perdeberg Motors	-	6 052
CSX Customer Services	-	4 307
Perdeberg Motors	-	27 157
Bytes Universal Systems - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible.	-	280 864
Nicsans Roller Shutter Doors	-	5 441
	4 461 896	**4 712 109**

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

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

Fasfacts - Mrs Nelly Fanie - Teacher - Marcus Mbetha Secure School	-	17 000
FFA Training (Pty) Ltd - Mr John Shongwe - Coordinator - Univercity of Mpumalanga	30 780	12 313
FAMSA - Mrs Joy Warries - Clerk - City of Cape Town	-	16 784
MOGWE (Pty) Ltd - Mrs N Engelbrecht - Clerk - Saldanhabay Municipality	116 484	56 101
Brainwave Projects 473 t/a Kuthelayo Contracts - Mr A Samuels - Clerk - Department of Transport and Public Works	-	210 000
Distinctive Moves - Mr Morne Fourie - Clerk - Department of Education	-	2 470
Zero Sparks Electrical CC - Mr M Smal - Constable - SAPS	-	1 992
Kemnzi (Pty) Ltd - Mr J N du Toit - Trafic Officer - City of Cape Town	-	1 446 686
Hughie Avontuur Construction - Mrs I S Avontuur - Teacher - Department of Education	-	324 338
Sivad Trading (Pty) Ltd - Mrs Yvonne Davis Michaels - Clerk - Department of International Relations	44 913	20 143
Cummins South Africa (Pty) Ltd - Mr Xavier Borei - MPU Parks and Tourism - Clerk	5 626	9 196
Blackbird Trading CC - Mrs Marlene Smit - Swartland Municipality - Snr Clerk	64 774	32 400
Liplekker Takeaways - Mr Elvin Pedro - Emergency Services - Chief EMS	48 704	41 529
Golden Rewards 1873 CC - Mr Raynard De Jager - WC : Department of Education - Teacher	30 130	53 700
Ithuba Industries - Mrs De Morney - Sir Lowry's Pass Primary - Teacher	356 370	289 239
Drs Buys & Fry - Dr Francios Buys - Emergency Services - Contracted Work	7 296	-
Yolande Cloete - Mrs Yolandie Cloete - Matzikama Municipality - Councillor	1 950	-
Cillie & Associates - Ms Cillie - Department of Education - Teacher	7 524	-
Extreme Boards (Pty) Ltd - Mrs Alfreda Matthyse - Breede Valley Municipality - Municipal Manager	6 770	-
Brainwaye Projects 877 t/a D & V Safety Management - Mrs Caroline Naidoo - Richards Bay Municipality - Clerk	7 308	-
J C Refrigeration Cape CC - Lois Esterhuizen - South African Police Services - Constable	32 695	-
Piston Power Chemicals CC - Mrs Nadira Andhee - KZN Department of Education - Teacher	377 883	-
JB's Nissan - Mr R Kortje - Wesbank Secondary School - Teacher	116 196	127 113
	1 255 403	**2 661 004**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

43. Reticulation Losses

Water		
Kiloliters purchased - after purification	26 046 245	24 896 806
Kiloliters sold	(24 211 361)	(23 662 082)
Reticulation loss	**1 834 884**	**1 234 724**
Percentage	7.04%	4.96%

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

Electricity

No electricity losses were incurred.

44. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance: Please refer to Appendix A for detailed disclosures.

Net surplus per the statement of financial performance	38 286 856	45 631 411
Adjusted for:		
Service charges	(10 060 357)	3 880 162
Investment revenue	(5 275 870)	(2 024 930)
Transfers recognised - operational	(699 679)	(1 111 135)
Other own revenue	4 841 886	(22 166 901)
Employee cost	1 784 715	40 874 301
Depreciation & Asset impairment	(3 867 267)	(14 150 873)
Finance Charges	(1 392 947)	(1 112 723)
Materials and bulk purchases	(2 145 769)	511 094
Other Expenditure	(17 034 138)	(39 709 536)
Net surplus per approved budget	**4 437 430**	**10 620 870**

45. Finance lease obligation

Minimum lease payments due		
- within one year	944 082	813 704
- in second to fifth year inclusive	-	813 704
	944 082	1 627 408
less: future finance charges	(73 960)	(186 245)
Present value of minimum lease payments	**870 122**	**1 441 163**

Present value of minimum lease payments due		
- within one year	870 122	691 205
- in second to fifth year inclusive	-	749 958
	870 122	**1 441 163**

Non-current liabilities	870 122	749 958
Current liabilities	-	691 205
	870 122	**1 441 163**

The average lease term was 3 years and the average effective borrowing rate was 8.5% (2014: 8.5%).

Interest rates are fixed at the contract date.

No arrangements have been entered into for the contingent rent. The municipality's obligations under finance leases are secured by the lessor's tittle to lease the asset.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

46. Road Services

Revenue recognised	110 516 286	83 874 708

47. Actuarial gains recognised - employee benefits

Long service award	229 631	-
Medical aid benefit	1 625 358	18 854 759
	1 854 989	**18 854 759**

48. Finance Income

Short-term investment	12 479 546	9 558 337
Primary bank account	622 066	491 111
Other Interest	424 258	(24 518)
	13 525 870	**10 024 930**

49. Allowance for Impairment

Other receivables from exchange transactions	189 605	324 164
Trade receivables from exchange	171 334	159 766
	360 939	**483 930**

West Coast District Municipality
Appendix A

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2015

	Current year 2015 Act. Bal. Rand	Current year 2015 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	107 439 237	97 378 880	10 060 357	10.3	More income received then expected - due to warm conditions.
Rental of facilities and equipment	3 000 953	3 044 200	(43 247)	(1.4)	
Interest received - Investments	13 525 870	8 250 000	5 275 870	63.9	Interest rate higher then expected
Interest received - Debtors	42 404	53 400	(10 996)	(20.6)	Lower interest due to higher payment rate.
Licences and permits	-	59 200	(59 200)	(100.0)	Revenue not collected due to a change in legislation
Road Services	110 516 286	104 424 000	6 092 286	5.8	More income received from the Department of Transport.
Transfers recognised - operating	81 346 519	80 646 840	699 679	0.9	
Transfers recognised - capital	3 071 915	3 256 700	(184 785)	(5.7)	
Other Revenue	9 388 104	20 180 270	(10 792 166)	(53.5)	Less income due to reclassifications done within the raods department.
	328 331 288	317 293 490	11 037 798	3.5	
Expenses					
Employee costs	(128 954 991)	(125 908 930)	(3 046 061)	2.4	
Remuneration of councillors	(5 259 894)	(6 521 240)	1 261 346	(19.3)	Reclassification of transport cost to general expenditure
Depreciation	(12 695 300)	(16 583 820)	3 888 520	(23.4)	Implementation of GRAP
Finance costs	(10 454 063)	(11 847 010)	1 392 947	(11.8)	Interest of ABSA loan - Payment in August
Repairs and maintenance - General	(56 094 430)	(59 055 020)	2 960 590	(5.0)	
Bulk purchases	(10 614 821)	(9 800 000)	(814 821)	8.3	
General expenses	(65 970 933)	(83 140 040)	17 169 107	(20.7)	Expenditure transfer of road administration charge to revenue.
	(290 044 432)	(312 856 060)	22 811 628	(7.3)	

West Coast District Municipality
Appendix A

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2015

	Current year 2015 Act. Bal.	Current year 2015 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Net surplus/ (deficit) for the year	38 286 856	4 437 430	33 849 426	762.8	

West Coast District Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Correction Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Correction Rand	Closing Balance Rand	Carrying value Rand
Land														
Land	24 576 219	-	(966 601)	-	-	**-**	**23 609 618**	-	-	-	-	-	**-**	23 609 618
	24 576 219	**-**	**(966 601)**	**-**	**-**	**-**	**23 609 618**	**-**	**-**	**-**	**-**	**-**	**-**	**23 609 618**
Infrastructure														
Roads, Pavements & Bridges	225 425	-	-	-	-	**-**	**225 425**	(79 189)	-	-	(5 851)	-	**(85 040)**	140 385
Electricity supply / Reticulation	21 521	-	-	-	-	**-**	**21 521**	(8 613)	-	-	(923)	-	**(9 536)**	11 985
Transformers	257 896	-	-	-	-	**-**	**257 896**	(68 376)	-	-	(4 193)	-	**(72 569)**	185 327
Cables	181 753	-	-	-	-	**-**	**181 753**	(17 696)	-	-	(4 033)	-	**(21 729)**	160 024
Mini sub stations	200 624	-	-	-	-	**-**	**200 624**	(79 286)	-	-	(4 855)	-	**(84 141)**	116 483
Water purification	46 432 726	17 167	(38 568)	-	-	**-**	**46 411 325**	(11 985 209)	13 505	-	(643 090)	-	**(12 614 794)**	33 796 531
Water Reticulation	139 122 484	6 155 061	(2 385 140)	16 234 647	1 050	**(706 017)**	**158 422 085**	(21 640 897)	258 897	-	(2 460 056)	116 600	**(23 725 456)**	134 696 629
Dams	110 344	-	-	-	-	**-**	**110 344**	(20 238)	-	-	(1 657)	-	**(21 895)**	88 449
Pump Stations	9 117 590	40 402	-	-	-	**-**	**9 157 992**	(1 896 255)	-	-	(199 285)	-	**(2 095 540)**	7 062 452
Reservoirs	108 671 547	-	-	-	-	**-**	**108 671 547**	(19 188 844)	-	-	(2 198 312)	-	**(21 387 156)**	87 284 391
Waste Purification	5 240 224	284 506	-	-	-	**-**	**5 524 730**	(748 796)	-	-	(100 349)	-	**(849 145)**	4 675 585
Landfil Sites	882 265	-	-	-	-	**-**	**882 265**	-	-	-	-	-	**-**	882 265
	310 464 399	**6 497 136**	**(2 423 708)**	**16 234 647**	**1 050**	**(706 017)**	**330 067 507**	**(55 733 399)**	**272 402**	**-**	**(5 622 604)**	**116 600**	**(60 967 001)**	**269 100 506**
Buildings														
Residences (Personnel)	5 431 361	-	-	-	-	**-**	**5 431 361**	(2 006 985)	-	-	(139 003)	-	**(2 145 988)**	3 285 373
Warehouses	1 556 144	-	-	-	-	**-**	**1 556 144**	(542 332)	-	-	(44 369)	-	**(586 701)**	969 443
Community halls	960 019	-	-	-	-	**-**	**960 019**	(351 494)	-	-	(24 340)	-	**(375 834)**	584 185
Office Buildings	6 687 939	-	-	-	-	**-**	**6 687 939**	(2 360 353)	-	-	(172 857)	-	**(2 533 210)**	4 154 729
Recreational facilities	226 945	-	-	-	-	**-**	**226 945**	(46 235)	-	-	(7 530)	-	**(53 765)**	173 180
Clinics	1 925 819	-	(767 429)	-	-	**-**	**1 158 390**	(589 364)	236 108	-	(36 023)	-	**(389 279)**	769 111
Non residencial perimeter protection	449 182	-	-	-	-	**-**	**449 182**	(107 049)	-	-	(12 542)	-	**(119 591)**	329 591
Ablution / Public Facilities	75 000	-	-	-	-	**-**	**75 000**	(25 280)	-	-	(2 761)	-	**(28 041)**	46 959
Workshops / Store Rooms	2 205 613	-	-	-	-	**-**	**2 205 613**	(435 624)	-	-	(69 461)	-	**(505 085)**	1 700 528
Public Parking	609 863	-	-	-	-	**-**	**609 863**	(221 155)	-	-	(15 548)	-	**(236 703)**	373 160
Fire, safety & emergency	36 190 633	-	-	-	-	**-**	**36 190 633**	(8 194 939)	-	-	(1 081 153)	-	**(9 276 092)**	26 914 541
	56 318 518	**-**	**(767 429)**	**-**	**-**	**-**	**55 551 089**	**(14 880 810)**	**236 108**	**-**	**(1 605 587)**	**-**	**(16 250 289)**	**39 300 800**

West Coast District Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Correction Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Correction Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														
General vehicles	31 674 573	213 951	(613 183)	-	-	**-**	**31 275 341**	(21 649 259)	606 338	-	(2 907 756)	2 230 709	**(21 719 968)**	9 555 373
Audiovisual Equipment	508 299	2 395	(109 881)	-	-	**-**	**400 813**	(309 928)	79 932	-	(59 907)	-	**(289 903)**	110 910
Computer Equipment	3 766 111	1 239 935	(548 255)	-	41 063	**-**	**4 498 854**	(2 511 959)	409 912	-	(315 385)	(16 425)	**(2 433 857)**	2 064 997
Domestic Equipment	44 550	1 401	(6 471)	-	-	**-**	**39 480**	(32 496)	5 766	-	(4 522)	-	**(31 252)**	8 228
Electric wire and power distribution	5 431	-	(5 080)	-	-	**-**	**351**	(2 657)	2 587	-	(70)	-	**(140)**	211
Emergency / Rescue equipment	790 246	84 931	(76 830)	-	-	**-**	**798 347**	(237 098)	26 671	-	(56 761)	-	**(267 188)**	531 159
Elevator Systems	6 398	-	-	-	-	**-**	**6 398**	(5 757)	-	-	(80)	-	**(5 837)**	561
Fire Fighting Equipment	2 731 618	399	(271 562)	-	-	**-**	**2 460 455**	(1 127 360)	125 639	-	(466 343)	-	**(1 468 064)**	992 391
Gardening Equipment	172 849	9 676	(10 398)	-	-	**-**	**172 127**	(93 877)	7 840	-	(26 357)	-	**(112 394)**	59 733
Kitchen Appliances	443 198	41 069	(54 650)	-	-	**-**	**429 617**	(282 570)	33 844	-	(37 061)	-	**(285 787)**	143 830
Laboratory Equipment	581 379	19 704	(58 125)	-	-	**-**	**542 958**	(320 503)	35 568	-	(56 329)	-	**(341 264)**	201 694
Medical and Allied Equipment	120 883	35 423	(1 400)	-	-	**-**	**154 906**	(53 776)	525	-	(28 516)	-	**(81 767)**	73 139
Pump / pluming	24 726	-	(7 488)	-	-	**-**	**17 238**	(18 480)	6 253	-	(1 273)	-	**(13 500)**	3 738
Radio Equipment	1 892 977	28 234	(100 419)	-	-	**-**	**1 820 792**	(920 116)	64 797	-	(240 963)	-	**(1 096 282)**	724 510
Security Equipment	103 439	-	(101 360)	-	-	**-**	**2 079**	(59 862)	58 634	-	(282)	-	**(1 510)**	569
Workshop Equipment	3 289 990	66 640	(70 821)	-	-	**-**	**3 285 809**	(2 260 721)	23 030	-	(240 649)	-	**(2 478 340)**	807 469
Air conditioners	705 303	43 959	(6 963)	-	-	**-**	**742 299**	(464 795)	3 334	-	(77 023)	-	**(538 484)**	203 815
Office Furniture	4 305 078	75 503	(141 233)	-	37 676	**-**	**4 277 024**	(3 127 092)	97 613	-	(259 348)	(10 765)	**(3 299 592)**	977 432
Domestic and Hostel Furniture	1 623 798	8 608	(31 684)	-	-	**-**	**1 600 722**	(1 237 231)	22 397	-	(118 252)	-	**(1 333 086)**	267 636
Other	540 125	100 425	(166 086)	-	166 078	**-**	**640 542**	(394 176)	140 283	-	(32 346)	(51 513)	**(337 752)**	302 790
	53 330 971	**1 972 253**	**(2 381 889)**	**-**	**244 817**	**-**	**53 166 152**	**(35 109 713)**	**1 750 963**	**-**	**(4 929 223)**	**2 152 006**	**(36 135 967)**	**17 030 185**

West Coast District Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Correction Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Correction Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land	24 576 219	-	(966 601)	-	-	**-**	**23 609 618**	-	-	-	-	-	**-**	23 609 618
Infrastructure	310 464 399	6 497 136	(2 423 708)	16 234 647	1 050	**(706 017)**	**330 067 507**	(55 733 399)	272 402	-	(5 622 604)	116 600	**(60 967 001)**	269 100 506
Buildings	56 318 518	-	(767 429)	-	-	**-**	**55 551 089**	(14 880 810)	236 108	-	(1 605 587)	-	**(16 250 289)**	39 300 800
Other assets	53 330 971	1 972 253	(2 381 889)	-	244 817	**-**	**53 166 152**	(35 109 713)	1 750 963	-	(4 929 223)	2 152 006	**(36 135 967)**	17 030 185
	444 690 107	**8 469 389**	**(6 539 627)**	**16 234 647**	**245 867**	**(706 017)**	**462 394 366**	**(105 723 922)**	**2 259 473**	**-**	**(12 157 414)**	**2 268 606**	**(113 353 257)**	**349 041 109**
Agricultural/Biological assets														
Intangible assets														
Computers - software & programming	1 185 044	65 900	(2 592)	-	2 162 596	**-**	**3 410 948**	(863 451)	2 001	-	(160 148)	(360 432)	**(1 382 030)**	2 028 918
	1 185 044	**65 900**	**(2 592)**	**-**	**2 162 596**	**-**	**3 410 948**	**(863 451)**	**2 001**	**-**	**(160 148)**	**(360 432)**	**(1 382 030)**	**2 028 918**
Investment properties														
Investment property	5 508 050	-	-	-	-	**-**	**5 508 050**	(696 075)	-	-	(138 618)	-	**(834 693)**	4 673 357
	5 508 050	**-**	**-**	**-**	**-**	**-**	**5 508 050**	**(696 075)**	**-**	**-**	**(138 618)**	**-**	**(834 693)**	**4 673 357**
Total														
Land	24 576 219	-	(966 601)	-	-	**-**	**23 609 618**	-	-	-	-	-	**-**	23 609 618
Infrastructure	310 464 399	6 497 136	(2 423 708)	16 234 647	1 050	**(706 017)**	**330 067 507**	(55 733 399)	272 402	-	(5 622 604)	116 600	**(60 967 001)**	269 100 506
Buildings	56 318 518	-	(767 429)	-	-	**-**	**55 551 089**	(14 880 810)	236 108	-	(1 605 587)	-	**(16 250 289)**	39 300 800
Other assets	53 330 971	1 972 253	(2 381 889)	-	244 817	**-**	**53 166 152**	(35 109 713)	1 750 963	-	(4 929 223)	2 152 006	**(36 135 967)**	17 030 185
Intangible assets	1 185 044	65 900	(2 592)	-	2 162 596	**-**	**3 410 948**	(863 451)	2 001	-	(160 148)	(360 432)	**(1 382 030)**	2 028 918
Investment properties	5 508 050	-	-	-	-	**-**	**5 508 050**	(696 075)	-	-	(138 618)	-	**(834 693)**	4 673 357
	451 383 201	**8 535 289**	**(6 542 219)**	**16 234 647**	**2 408 463**	**(706 017)**	**471 313 364**	**(107 283 448)**	**2 261 474**	**-**	**(12 456 180)**	**1 908 174**	**(115 569 980)**	**355 743 384**

West Coast District Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	**Correction Rand**	**Additions Rand**	**Disposals Rand**	**WIP Rand**	**Other changes, movements Rand**	**Closing Balance Rand**	**Opening Balance Rand**	**Correction Rand**	**Additions Rand**	**Disposals Rand**	**Impairment loss Rand**	**Closing Balance Rand**	**Carrying value Rand**
Land														
Land	23 609 618	-	100	-	-	-	**23 609 718**	-	-	-	-	-	-	23 609 718
	23 609 618	**-**	**100**	**-**	**-**	**-**	**23 609 718**	**-**	**-**	**-**	**-**	**-**	**-**	**23 609 718**
Infrastructure														
Roads, Pavements & Bridges	225 425	-	-	-	-	-	**225 425**	(85 040)	-	(5 850)	-	-	**(90 890)**	134 535
Electricity supply / Reticulation	21 521	-	-	-	-	-	**21 521**	(9 536)	-	(922)	-	-	**(10 458)**	11 063
Transformers	257 896	-	-	-	-	-	**257 896**	(72 569)	-	(4 191)	-	-	**(76 760)**	181 136
Cables	181 753	-	-	-	-	-	**181 753**	(21 729)	-	(4 032)	-	-	**(25 761)**	155 992
Mini sub stations	200 624	-	-	-	-	-	**200 624**	(84 141)	-	(4 853)	-	-	**(88 994)**	111 630
Water purifications	46 411 325	-	1 991 165	-	-	-	**48 402 490**	(12 614 794)	-	(527 411)	-	-	**(13 142 205)**	35 260 285
Water Reticulation	142 187 438	-	3 684 261	-	19 136 797	-	**165 008 496**	(23 725 456)	-	(3 150 697)	-	-	**(26 876 153)**	138 132 343
Dams	110 344	-	-	-	-	-	**110 344**	(21 895)	-	(1 657)	-	-	**(23 552)**	86 792
Pump Stations	9 157 992	-	400 701	-	-	-	**9 558 693**	(2 095 540)	-	(202 534)	-	-	**(2 298 074)**	7 260 619
Reservoirs	108 671 547	-	-	-	-	-	**108 671 547**	(21 387 156)	-	(2 198 284)	-	-	**(23 585 440)**	85 086 107
Waste Purifications	5 524 730	-	-	-	-	-	**5 524 730**	(849 145)	-	(105 523)	-	-	**(954 668)**	4 570 062
Landfil Sites	882 265	-	-	-	-	-	**882 265**	-	-	-	-	-	**-**	882 265
	313 832 860	**-**	**6 076 127**	**-**	**19 136 797**	**-**	**339 045 784**	**(60 967 001)**	**-**	**(6 205 954)**	**-**	**-**	**(67 172 955)**	**271 872 829**
Buildings														
Residences (Personnel)	5 431 361	-	-	-	-	-	**5 431 361**	(2 145 988)	-	(139 002)	-	-	**(2 284 990)**	3 146 371
Warehouses	1 556 144	-	-	-	-	-	**1 556 144**	(586 701)	-	(44 368)	-	-	**(631 069)**	925 075
Community halls	960 019	-	-	-	-	-	**960 019**	(375 834)	-	(24 341)	-	-	**(400 175)**	559 844
Office Buildings	6 687 939	-	1 187	-	-	-	**6 689 126**	(2 533 210)	-	(172 867)	-	-	**(2 706 077)**	3 983 049
Recreational facilities	226 945	-	-	-	-	-	**226 945**	(53 765)	-	(7 530)	-	-	**(61 295)**	165 650
Clinics	1 158 390	-	-	-	-	-	**1 158 390**	(389 279)	-	(36 021)	-	-	**(425 300)**	733 090
Non residencial perimeter protection	449 182	-	-	-	-	-	**449 182**	(119 591)	-	(9 453)	-	-	**(129 044)**	320 138
Ablution / Public Facilities	75 000	-	-	-	-	-	**75 000**	(28 042)	-	(2 762)	-	-	**(30 804)**	44 196
Workshops / Store Rooms	2 205 613	-	-	-	-	-	**2 205 613**	(505 085)	-	(69 461)	-	-	**(574 546)**	1 631 067
Public Parking	609 863	-	-	-	-	-	**609 863**	(236 703)	-	(15 548)	-	-	**(252 251)**	357 612
Fire, safety & emergency	36 190 633	-	-	-	-	-	**36 190 633**	(9 276 092)	-	(1 081 154)	-	-	**(10 357 246)**	25 833 387
	55 551 089	**-**	**1 187**	**-**	**-**	**-**	**55 552 276**	**(16 250 290)**	**-**	**(1 602 507)**	**-**	**-**	**(17 852 797)**	**37 699 479**

West Coast District Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														
General vehicles	31 275 341	-	4 868 935	(697 494)	-	**-**	**35 446 782**	(21 719 968)	-	(2 311 901)	567 137	-	**(23 464 732)**	11 982 050
Audiovisual Equipment	400 813	-	6 956	(54 860)	-	**-**	**352 909**	(289 903)	-	(51 665)	47 565	-	**(294 003)**	58 906
Computer Equipment	4 498 854	-	409 706	(375 505)	-	**-**	**4 533 055**	(2 433 857)	-	(521 938)	298 355	-	**(2 657 440)**	1 875 615
Domestic Equipment	39 480	-	3 066	(5 810)	-	**-**	**36 736**	(31 252)	-	(3 101)	4 946	-	**(29 407)**	7 329
Electrical wire and power distribution	351	-	-	-	-	**-**	**351**	(140)	-	(70)	-	-	**(210)**	141
Emergency / Rescue equipment	798 347	-	351 406	(3 297)	-	**-**	**1 146 456**	(267 188)	-	(80 352)	1 641	-	**(345 899)**	800 557
Elevator Systems	6 398	-	-	-	-	**-**	**6 398**	(5 837)	-	(320)	-	-	**(6 157)**	241
Fire Fighting Equipment	2 460 455	-	190 142	(43 375)	-	**-**	**2 607 222**	(1 468 064)	-	(367 617)	27 253	-	**(1 808 428)**	798 794
Gardening Equipment	172 127	-	13 877	(11 421)	-	**-**	**174 583**	(112 394)	-	(20 566)	5 361	-	**(127 599)**	46 984
Kitchen Appliances	429 617	-	26 598	(43 796)	-	**-**	**412 419**	(285 787)	-	(26 216)	27 907	-	**(284 096)**	128 323
Laboratory Equipment	542 958	-	22 610	(33 655)	-	**-**	**531 913**	(341 264)	-	(49 579)	24 713	-	**(366 130)**	165 783
Medical and Allied Equipment	154 906	-	-	(238)	-	**-**	**154 668**	(81 767)	-	(24 246)	213	-	**(105 800)**	48 868
Pump / pluming	17 238	-	23 605	-	-	**-**	**40 843**	(13 500)	-	(2 724)	-	-	**(16 224)**	24 619
Radio Equipment	1 820 792	-	832 395	(121 444)	-	**-**	**2 531 743**	(1 096 282)	-	(202 783)	63 991	-	**(1 235 074)**	1 296 669
Security Equipment	2 079	-	9 354	-	-	**-**	**11 433**	(1 510)	-	(190)	-	-	**(1 700)**	9 733
Workshop Equipment	3 285 809	-	187 656	(85 278)	-	**-**	**3 388 187**	(2 478 340)	-	(276 820)	72 048	-	**(2 683 112)**	705 075
Air conditioners	742 300	-	40 171	(18 798)	-	**-**	**763 673**	(538 483)	-	(69 568)	14 723	-	**(593 328)**	170 345
Office Furniture	4 277 024	-	41 002	(232 596)	-	**-**	**4 085 430**	(3 288 827)	-	(217 584)	170 522	-	**(3 335 889)**	749 541
Domestic and Hostel Furniture	1 600 722	-	74 150	(146 691)	-	**-**	**1 528 181**	(1 343 851)	-	(71 229)	130 101	-	**(1 284 979)**	243 202
Other	640 542	-	73 810	(213 084)	-	**-**	**501 268**	(337 752)	-	(41 148)	174 749	-	**(204 151)**	297 117
	53 166 153	**-**	**7 175 439**	**(2 087 342)**	**-**	**-**	**58 254 250**	**(36 135 966)**	**-**	**(4 339 617)**	**1 631 225**	**-**	**(38 844 358)**	**19 409 892**

West Coast District Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land	23 609 618	-	100	-	-	**-**	**23 609 718**	-	-	-	-	-	**-**	23 609 718
Infrastructure	313 832 860	-	6 076 127	-	19 136 797	**-**	**339 045 784**	(60 967 001)	-	(6 205 954)	-	-	**(67 172 955)**	271 872 829
Buildings	55 551 089	-	1 187	-	-	**-**	**55 552 276**	(16 250 290)	-	(1 602 507)	-	-	**(17 852 797)**	37 699 479
Other assets	53 166 153	-	7 175 439	(2 087 342)	-	**-**	**58 254 250**	(36 135 966)	-	(4 339 617)	1 631 225	-	**(38 844 358)**	19 409 892
	446 159 720	**-**	**13 252 853**	**(2 087 342)**	**19 136 797**	**-**	**476 462 028**	**(113 353 257)**	**-**	**(12 148 078)**	**1 631 225**	**-**	**(123 870 110)**	**352 591 918**
Agricultural/Biological assets														
Intangible assets														
Computers - software & programming	3 410 948	-	-	(139 191)	-	**-**	**3 271 757**	(1 382 031)	-	(512 571)	104 042	-	**(1 790 560)**	1 481 197
	3 410 948	**-**	**-**	**(139 191)**	**-**	**-**	**3 271 757**	**(1 382 031)**	**-**	**(512 571)**	**104 042**	**-**	**(1 790 560)**	**1 481 197**
Investment properties														
Investment property	5 508 050	-	-	-	-	**-**	**5 508 050**	(834 693)	-	(34 654)	-	-	**(869 347)**	4 638 703
	5 508 050	**-**	**-**	**-**	**-**	**-**	**5 508 050**	**(834 693)**	**-**	**(34 654)**	**-**	**-**	**(869 347)**	**4 638 703**
Total														
Land	23 609 618	-	100	-	-	**-**	**23 609 718**	-	-	-	-	-	**-**	23 609 718
Infrastructure	313 832 860	-	6 076 127	-	19 136 797	**-**	**339 045 784**	(60 967 001)	-	(6 205 954)	-	-	**(67 172 955)**	271 872 829
Buildings	55 551 089	-	1 187	-	-	**-**	**55 552 276**	(16 250 290)	-	(1 602 507)	-	-	**(17 852 797)**	37 699 479
Other assets	53 166 153	-	7 175 439	(2 087 342)	-	**-**	**58 254 250**	(36 135 966)	-	(4 339 617)	1 631 225	-	**(38 844 358)**	19 409 892
Intangible assets	3 410 948	-	-	(139 191)	-	**-**	**3 271 757**	(1 382 031)	-	(512 571)	104 042	-	**(1 790 560)**	1 481 197
Investment properties	5 508 050	-	-	-	-	**-**	**5 508 050**	(834 693)	-	(34 654)	-	-	**(869 347)**	4 638 703
	455 078 718	**-**	**13 252 853**	**(2 226 533)**	**19 136 797**	**-**	**485 241 835**	**(115 569 981)**	**-**	**(12 695 303)**	**1 735 267**	**-**	**(126 530 017)**	**358 711 818**